

Sirs attacks BSC loss claims

British Steel Corporation claims that the weather and anti-dumping actions by United States steel producers could cost it £100m in lost production was dismissed yesterday by Mr Bill Sirs, Iron and Steel Trades Confederation general secretary, as "absolutely ridiculous". He cited low morale as a main factor in BSC's chief sees little hope of breakthrough. Mr Jan MacGregor, BSC even in the 1982-83 financial year. Page 11

Tatchell appeals for review

Mr Peter Tatchell, the left-winger who was refused endorsement as Labour's choice for Bermondsey, south London, appealed to Mr Michael Foot to think again. Mr Robert Clay was rejected as prospective candidate for Sunderland, North, because he has not been a party member for the full two years. Page 2

Lane to quit as head of CRE

Mr David Lane, the chairman of the Commission for Racial Equality, is to leave the post at the end of April. The CRE was severely criticized last year in a House of Commons report. Page 2

Agreement on Sinai force

Britain, France, Italy and The Netherlands have agreed to send military units to take part in the peace force to be deployed when Israel completes its withdrawal from Sinai in April. Page 4

Angry Brigade 'in arms raid'

A man who said he represented the Angry Brigade, the terrorist group which operated in Britain in the early 1970s, yesterday told The Times that the group was responsible for an arms theft at a Cambridgeshire army camp. Weeks to notice theft, page 3

Playboy pays admiral £100,000

Playboy is to pay a golden handshake of between £100,000 and £200,000 to Admiral Sir John Treacher (pictured) who headed the "gambling empire" for just 96 days. Page 11

US hearing, page 11

Leap from plane saves minister

Tan Sri Ghazali Shafie, the Malaysian Foreign Minister, was found alive and well 30 hours after his aircraft crashed. He survived by jumping out seconds before the aircraft flew into a hill. His two companions were killed. Page 6

Botham is latest tour casualty

Ian Botham, the England all-rounder, has a virus infection and may miss the fifth Test match with India starting in Madras tomorrow. He joins Bob Taylor, the wicketkeeper, on the sick list. Page 16

Miners warned

Coal board members who visited three pits warned miners that a strike vote this week will not force the board to increase its 9.5 per cent pay offer and avert a stoppage. They emphasized that there would be no more money. Page 2

Winners of the Personalities of the Year competition, published in The Times on December 31, will be published tomorrow and not today as announced.

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British Rail's reply to Raymond Buckton; Dick Taverne urges still closer links between the Liberals and the SDP; how you get your phone bill; Suzy Menkes on warm-up fashion.

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Soviet action condemned unanimously by Nato

From Ian Murray and Frederick Bonmart, Brussels, Jan 11

ON PAGE FOUR

Wholesale condemnation of the Soviet Union for its involvement in the Polish military takeover was unanimously agreed by the North Atlantic Council meeting in Brussels today.

The strongly-worded declaration also included a list of measures to be taken against both Poland and the Soviet Union if the situation does not improve. Only Greece dissented from approving such measures, which would include restriction on the movements of diplomats from these countries and energy, agricultural, financial and technological sanctions.

A measure of the growing Western consensus on the situation was the short time it took the meeting to approve the 16-paragraph declaration. Mr Alexander Haig, the American Secretary of State, who had urged that the meeting be called, was able to announce happily at the end: "There will be no business as usual while the situation in Poland continues as it does."

Mr Haig was in no doubt that the meeting had been a great success. It was, he said, a vigorous Allied response which would help to relieve the Polish people from the oppression they were tragically experiencing.

He also emphasized that although talks in Geneva on nuclear disarmament in Europe would resume the next day, if they failed it would be the responsibility of the Soviet Union because of its actions in Poland.

The declaration also wants an early recall of the Madrid Conference on Security and Cooperation in Europe, a follow-on of the Helsinki conference. This is seen by the Allies as the best forum for discussing the Soviet Union and the Polish military regime for the attacks on human rights.

By next week economic and political advisors are expected to start a series of meetings to work out exactly what measures should be imposed. A main consideration is that if any measures can be taken to undermine sanctions already imposed by the United States. It is likely that the measures will be ready for approval by the EEC foreign ministers at their annual meeting on January 25.

Ministers made clear after the meeting that the only thing which would stop sanctions being applied was meaningful progress inside Poland. This would mean an end to martial law, release of the prisoners held under the martial law, and talks between the Government and the Solidarity movement.

Maritime agreements, credit imports from the Soviet Union and the size of armaments which would be looked at, Lord Carrington said. The objective was to "send a signal" to Moscow, rather than hope to change the course of events in Poland.

Reagan U-turn on sale of jets to Taiwan

From Nicholas Ashford, Washington, Jan 11

In an attempt to halt the deterioration in American relations with China, and also to persuade Beijing to adopt a more critical attitude toward the Soviet Union in connection with the Polish crisis, the United States has decided not to sell sophisticated aircraft to Taiwan.

An American delegation headed by Mr John Holdridge, Assistant Secretary of State for East Asian Affairs, flew to Peking at the weekend to tell the Chinese Government of the American decision. The Chinese had given a warning that sending Taiwan's request for advanced aircraft could further chill relations which have declined since the issue of new American arms sales to Taiwan came to the fore in the middle of last year.

A State Department spokesman announced today that the United States would not accede to Taiwan's request for advanced aircraft because it had been decided they were not needed for the island's defence. This decision was taken yesterday by President Reagan, who had been a strong

advocate of strengthening Taiwan's defences.

However, the spokesman said the United States would continue to provide other defence equipment to Taiwan. This would include the replacement of Taiwan's ageing F100 and F104 aircraft with comparable planes, and the extension of a co-production agreement for F5E fighters, which are already in service with the Taiwanese air force.

The spokesman added that no decision had been reached on the number of F5Es that Taiwan may produce, nor was there any consideration of possible upgrading of these aircraft.

Under the 1979 Taiwan Relations Act Washington undertakes to supply Taiwan with sufficient weapons for its own defence. Peking has always been unhappy about this agreement, which the Chinese authorities believe goes against the 1978 accord which normalized relations between the United States and China, but has been prepared to tolerate it so long as no new weapons systems were involved.

Ministers meeting under the Prime Minister's chairmanship at 10 Downing Street yesterday decided not to interfere with local authorities' efforts to cope with the disruption caused by snow, frost, and floods and specifically not to appoint a minister with special responsibilities as urged by Labour Party spokesmen.

But they confirmed that local authorities would be entitled to recover from central government headquarters of the cost of their operations, without limit, over and above the product of a penny rate, provided such expenditure was reasonable. This rule is the same as that applied in 1978 and 1979.

Mrs Thatcher called the meeting to satisfy herself that Government departments were giving all the help required.

Mr Michael Heseltine, Secretary of State for the Environment, said after the



Cold comfort: Soldiers on duty in Warsaw seek warmth before a fire.

Rape judge was wrong Hailsham tells MP

By Frances Gibb

Lord Hailsham of St Marylebone, the Lord Chancellor, yesterday repudiated the comment of a judge last week that a rape victim who hitchhiked a lift was guilty of contributory negligence and that the rape's penalty should accordingly be reduced.

He said: "Contributory negligence does not, of course, constitute any defence to rape, nor in my view in the absence of actual sexual provocation, should imprudence on the part of a victim operate as a factor in reaching an agreement on the reduction of a sentence."

The Lord Chancellor was replying to letters from Mr Jack Ashley, Labour MP for Stoke-on-Trent, South, who has been in the forefront of the outcry against Judge Berriman's decision in 1978 by 293 votes to 124 to impose a £2,000 fine on the rapist.

Welcoming Lord Hailsham's letter as a "clear and unambiguous statement" of disassociation from the judge's decision, Mr Ashley called on the judge to withdraw his comment and reconsider the sentence as allowed under section 11 (2) of the Courts Act 1971. He would also seek to reintroduce his Bill, defeated in 1978 by 293 votes to 124, to allow the prosecution to offer of discussions on payment of the 3 per cent to their 500 drivers.

The full text of Lord Hailsham's typed letter reads: "Thank you for your letter of 6th January 1982. I have read it with care and with various suggestions which I will gladly bear in mind. You may be quite sure that I will deal with the matter most carefully and in my own way with due regard both to the seriousness of the offence and to the limitations on the constitutional position of the Lord Chancellor."

Mr Ashley said: "This is a clear disassociation by the Lord Chancellor from the actions of Judge Berriman and it will reassure the very many men and women who have been greatly disturbed by recent events. The ball is now in Judge Berriman's court."

The MP, who is also seeking a meeting with Lord Hailsham to discuss what other changes in the system might be needed to prevent similar occurrences, said he was not optimistic about the chances of his Bill, but the House of Commons should at least have the chance to debate the issue.

The Lord Chancellor then added by hand: "I do not, of course, suggest either factor was present in the actual case of rape and to the limitations on the constitutional position of the Lord Chancellor."

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British Rail said last night that the national two-day strike meant no trains will run after 10 pm today until Friday morning.

There will be a progressive shutdown of the rail network tonight and there may be some cancellations earlier than 10 pm to ensure that all trains reach their destinations before the strike is due to start at midnight.

A main priority for British Rail will be to ensure that locomotives and rolling stock are in the right positions for a resumption of normal working on Friday morning.

No overnight sleeper, parcels or mail trains will operate today and there has already been a suspension of trains carrying livestock and highly perishable goods, except where delivery by today was assured.

Level-crossing gates and barriers will be left open to ward traffic but BR gives a warning that in the case of automatic

Rail strike is on and may be widened

By David Felton, Labour Reporter

Peace talks aimed at averting the total shutdown of the railway network tonight failed last night and train drivers' leaders are planning to widen the dispute into a prolonged stoppage next week.

Leaders of the Associated Society of Locomotive Engineers and Firemen (Aslef) left for hours of talks with British Rail and the two other rail unions in an angry mood. Mr Raymond Buckton, Aslef general secretary, said: "Nothing has changed. The strike goes ahead. I think if anything BR has made the situation worse tonight."

During what was apparently a heated meeting BR indicated that it was considering paying a 3 per cent increase to 500 driver members of the National Union of Railwaymen which has agreed productivity payments for its other members.

Mr Clifford Rose, BR board member for industrial relations, said after the meeting: "I cannot say that we have made any progress in the sense of reaching an agreement. Every minute is now precious, and we are prepared to talk all night, and all tomorrow if necessary. I do not think tonight's talks have worsened the situation."

The executives of the three unions were meeting late last night to discuss the meeting with BR and the NUR leadership was deciding whether to take up the management's offer of discussions on payment of the 3 per cent to their 500 drivers.

It is the denial of that 3 per cent to Aslef which led the train drivers into calling the two-day strike which starts at midnight.

A gradual shutdown was being planned by BR to start from 10 pm although some earlier trains may be cancelled today and there were threats from some sections of the footplate-men's union that a prolonged stoppage could begin next week.

The talks at BR's headquarters in London were thought to be more than an hour late after the management and leaders of two unions waited to hear whether the Aslef executive meeting at its headquarters in Hampton, London, was thought to be deciding what further action it could take after the two-day strike. Some of the more optimistic union officials were also cautiously suggesting that the union may be prepared to attend last-minute talks today to avert the strike.

Mr Buckton said before going into the executive meeting that he could not understand why BR was not prepared to modify its position as the pay agreement last August was quite clear that productivity should be treated as a separate issue from pay.

The Aslef executive is coming under increasing pressure from branches to widen the action into an indefinite strike. It is understood the executive yesterday discussed that possibility.

Aslef members from the King's Cross depot in London staged a protest meeting in the lobby of BR's Euston offices but left after being addressed by two Aslef executive members who "warned them that the negotiators would not agree to changes in the eight-hour day."

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BR reply to Buckton, page 8
Parker speech, page 11

No trains from 10 tonight until Friday morning

By Our Labour Reporter

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Jenkins to contest Hillhead by-election

By Our Political Editor

Confirmation that Mr Roy Jenkins is to contest the Hillhead, Glasgow, by-election on behalf of the Social Democratic/Liberal Alliance came last night when Mr Charles Brodie, prospective Liberal candidate for Hillhead, announced that he was standing down in Mr Jenkins' favour.

Glasgow Liberals promised full campaigning support for Mr Jenkins, the former Labour Cabinet minister and the only one of the four joint leaders of the SDP without a seat in the Commons.

Hillhead, the only Glasgow seat retained by the Conservatives at the last general election, fell vacant with the death on January 2 of Sir Thomas Galbraith.

It is a marginal seat. Sir Thomas held it in 1979 with 12,368 votes against the Labour candidate's 10,366, a majority of only 2,002. The Liberal was third with 4,349 and the Scottish National Party candidate fourth with 3,050.

Mr David Steel, the Liberal leader, said last night: "I am delighted that we are going to have a united Alliance campaign for Roy Jenkins in Hillhead. His return to the House of Commons is in all our best interests."

"I hope the generous decision of the Liberals and particularly of Chick Brodie in supporting Roy Jenkins for the Alliance, will discourage the silly people in both our parties who have recently preferred public bickering to working for real progress for the Alliance."

Mr Steel was speaking from Richmond, Virginia, where he is on a lecture tour.

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Reflation Budget likely on March 9

By David Blake and Frances Williams

Treasury ministers ended weekend talks on the economy at Chevening House, Sevenoaks, Kent, with their top advisers in a confident mood about the state of the economy.

The ministers' monetary policy, however, came close to deciding that Budget day will be March 9 and latest indications suggest that there may be some limited room for reflation.

The full Cabinet will be given a chance to discuss Budget strategy at a meeting to be held before Budget day. Moderates are determined to press for some reflation, probably around £2,000m to £3,000m. Treasury ministers may prefer to give considerably less than this in the hope of holding down interest rates.

It also looks likely that sterling M3 will be confirmed as the prime indicator of the Government's monetary policy. However, the pound's value in world markets is likely to be given a greater formal role in such decisions as the setting of interest rates.

Most of the weekend's discussions centred on the prospect for the financial year 1982-83 which begins in April. There was some discussion of public spending in 1983-84. The Treasury had prepared an update on its latest forecast of the economy, showing that recovery, led by the more complex ideas which have been circulating in the City in recent weeks.

Although it is recognized that the Government will have to be cautious in placing too much emphasis on sterling M3, it is unlikely that it will change to a new target or publish formal targets for other measures of the money supply. There is no likelihood of a further move towards using the "monetary base" as a measure of how the amount of money is moving, as has been advocated by Professor Alan Walters, the Prime Minister's economic adviser.

It is thought that other indicators of the money supply than sterling M3 will be used to provide informal checks on how things are going.

A more important role is planned for the exchange rate and it is likely that the Budget speech will advance the extent to which this is recognized as one of the main targets of government policy.

The Treasury is strongly against any fall in the pound's value from its present level because of what that would do to inflation. It also fears that a new rise in sterling would hurt exports, which seem to be doing well at present.

The exchange rate will play a more openly acknowledged role in setting interest rates.

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NEWS IN SUMMARY

Arms theft not noticed for weeks

Weapons missing from an infantry regiment's armoury could have been stolen at any time over three weeks while soldiers were on Christmas leave, police said yesterday.

Four 9mm Browning semi-automatic pistols, all new and with magazines; a 9mm Stirling sub-machinegun and a 7.62mm self-loading rifle were taken from the armoury of the 3rd Battalion, The Royal Green Jackets, at Oakington Barracks, near Cambridge, between December 17 and January 4.

An individual weapon sight for use with infantry weapons at night and a top slide for use with the 7.62 rifle were taken from another store at the barracks during the same period.

The theft was discovered when a sergeant armoured returned from leave on January 4. Since then police and the Army's Special Investigation Branch have been conducting a top-level inquiry involving police trackers, dogs, helicopters, police divers and scores of detectives.

Better water to cost £21m

The Anglian water authority announced yesterday that it intends to spend £21m over the next five years on improving the quality of tap water to its five million customers between the Humber and the Thames.

The project is to be carried out because of increasing complaints about the colour, taste and smell of domestic supplies and about tiny "shrimps" which have been found in the water.

Youths kill pets in old people's home

Two youths who broke into an old people's homes complex in Leeds at the weekend stole £20 and cut a pet hamster and a budgie to pieces, police said yesterday.

Armed with knives, they smeared pieces of the hamster on a wall and threatened a woman before running off.

Murder case remand

Peter Alan Edmunds, aged 20, a soldier, of Coronation Road, Kingsbridge, Devon, was remanded in custody for a week by Torquay magistrates yesterday charged with murdering Mrs Beatrice Rowell, a widow, aged 84, at her home in Paignton.

Community role of police 'is Brixton lesson'

By Lucy Hodges

The new head of community relations at Scotland Yard said yesterday that in future the police would have to sell their policies to the public and involve people in what they were doing.

On the first day of his new job, Commander John Newing, aged 41, made clear that he did not favour "swamp" operations to catch muggers and robbers. But he added that at times vigorous and specific action was required against criminals.

"The lesson of Brixton is that we have got to take the community with us," he said. Commander Newing rejected a suggestion that by publicising operations to beat crime the police would defeat the object of the exercise.

Publicity might prevent crime, in the same way as the sight of traffic police lying in wait for law-breaking motorists prevented traffic offences.

When he was asked what he thought of "swamp" operations in Brixton the week before last April's riots, he said: "You are asking me to criticize one my colleagues. I might well have done exactly the same thing as that commander did. But since the Scarman report I am not likely to do it. We need to involve the community and take them with us."

Describing his new job as "a hot seat", the commander said he was in favour of recruiting more black policemen and developing the concept of community policing. To that end an experiment was being mounted by the Metropolitan and Surrey police forces in three areas of London, as yet unidentified.

But Mr Newing made clear that he was not impressed by a number of Lord Scarman's important recommendations. On the issue of setting up statutory liaison machinery between the police and public he said: "It is not machinery and organizations that make things a success. It is the quality of the people involved."

Reform of the police complaints procedure would not necessarily change things or make anyone any happier, though increasing the independent element would enable people to see that justice was done. "I do think the complaints system is largely

misunderstood and I do not know that if you reform it it will operate better."

Commander Newing said he was in favour of racism awareness training for police officers, but did not like Lord Scarman's suggestion that officers guilty of racial prejudice should be automatically dismissed.

"Every policeman has got to be something of a community relations specialist," he said. Denying suggestions that community relations was considered "soft" and too much like social work by most officers, he declared: "A good policeman is a social worker."

From 1974 to 1977 the commander was a chief inspector in London dealing principally with race relations. He won a scholarship to Leeds University, from which he graduated in social and public administration. He takes over from Commander Malcolm Ferguson, who is moving to head H district, in Tower Hamlets.

Commander Newing's last job was commandant of the police recruit training college in Hendon.

Two policemen were committed for trial yesterday accused of killing a man during the riots in the Tenth district of Liverpool last summer (the Press Association reports).

Constable James Keenan, aged 29, and Sergeant Keith Andrew Wilkinson, aged 36, did not speak throughout the five-minute hearing before magistrates at Liverpool. The officers were both granted unconditional bail.

They are accused of unlawfully killing Mr David Moore aged 23 of St Nathaniel Street, Toxteth, between July 28 and 29 last.

Legal aid was extended at the request of Mr Kevin Dooley, representing the two men. Prosecution costs of £800 were granted after a submission by Miss Diane Shamman, for the Director of Public Prosecutions.

Girl killed with scarf

An army combat scarf was used to murder Janet Cheetham, aged 17, whose body was found near her home in Braithwaite Close, Rainhill, Merseyside, just before Christmas, police revealed yesterday.

Royal gibe led Harvey Smith to assault man

Harvey Smith, the international showjumper, was fined £75 yesterday for assaulting a man who was said to have insulted the Royal Family.

Smith, aged 43, of Craiglands, High Eldwick, near Bingley, West Yorkshire, admitted assaulting Mr Stephen Rusling causing him actual bodily harm after a dinner at the Crown Hotel, Harrogate, last August.

Harrogate magistrates were told that Mr Rusling, of Ferryby Road, Hessle, north Humberside, had remarked that the Royal Family ought to be exterminated.

Mr Wilfred Anderson, for the prosecution, said the two men were sitting at separate tables. Conversation turned to how people earned their money and there was reference to Smith's sponsorship by the Japanese company, Sanyo.

Mr Anderson said Smith asked if anyone knew of anyone who was paid for doing little or nothing and someone shouted "Prince Charles". Mr Rusling was said to have remarked: "Well there's one" and then a blow to his head knocked him off his chair. Smith was said to have told him: "Nobody calls the Royal Family in front of me."

The prosecution alleged that Mr Rusling was punched and kicked, suffering a swollen lip and a bump on the head. Mr Rusling said Smith told him: "I will kick anyone who is not a royalist."

Mr Roger Whittaker, for Smith, said it was not accepted that even one blow was struck, although Smith did admit pulling Mr Rusling off his chair.

"Mr Smith is a very fit, strong man who keeps himself in good shape. If he had punched this man in the face with sufficient force to knock him off his chair his injuries would have been far worse," Mr Whittaker said.

Smith was an ardent royalist and came to the defence of the Prince of Wales when his name was mentioned, he said. "The conversation got worse and then Mr Rusling uttered the remark that the Queen and her family ought to be exterminated."

Mr Whittaker said Smith grabbed Mr Rusling and pulled him off his chair. It was Smith's arm around his face that caused the injury. In Smith's mind the words uttered amounted almost to treason.



Political support: Mrs Shirley Williams, who pulled a knee ligament in a Christmas Day tobogganing accident, arriving yesterday with her crutches at the Social Democratic Party headquarters in Cowley Street, Westminster, for the first time since leaving hospital on Friday.

Hospital's £5m repairs bill

By Nicholas Timmins

The £6m cardiac wing at the Hospital for Sick Children, in Great Ormond Street, London, barely occupied since its completion in June, 1980, will cost at least £5m and take three years to repair, the hospital said yesterday.

The nine-storey, 50-bed wing, designed to be the most advanced paediatric cardiac unit in the country, had to be evacuated last year because of fears that it might collapse. A detailed structural report has concluded that the building is repairable. It will, however, require a health ministry decision on whether the building is repaired, demolished at a cost of about £1.5m, or mothballed.

Mr Grahame Humphreys, deputy house governor of the hospital, said yesterday: "The board of governors would obviously like to see it repaired, but the strategic decision must be made by the minister."

The wing, which was started 1976, represents one of the worst building disasters in the National Health Service. It cost more than £3m to build and contains more than £2m of diagnostic equipment. Shortly after the building was handed over an external walkway beam, designed to provide access for exterior maintenance, collapsed. Further studies found faults in other beams, and a high-level link to the Institute of Child Health next door was considered unsafe. Cracks appeared and the concrete caps on the foundation piles were found to be too thin.

In addition, support for the 60ton water tanks was declared inadequate and they were hastily emptied, and support for some floor slabs will need strengthening.

Whitehall brief
Testing time for the Bank's governor

By Bernard Donoghue

Whitehall's upper ranks are this week nervously awaiting a ministerial decision which, either way, will shatter some glass.

The Monopolies Commission report on the rival bids for the Royal Bank of Scotland by the Standard Chartered Bank and by the Hong Kong and Shanghai Banking Corporation went to Mr John Biffen at the Department of Trade on December 22. Since then its recommendations have been circulated among relevant departments amid a spate of leaks that the report has recommended against either bid.

The issue is due to come before ministers this week or next and they could, in theory, insist that Mr Biffen overrules any negative finding by the commission. But on past experience the Secretary of State normally accepts the commission's findings and the Cabinet, if consulted, backs him.

Such a conclusion, if the leaks are correct, will appear a triumph for the Bank of England. The governor, Mr Gordon Richardson, has made his hostility towards the Hongkong bank absolutely clear both to the Government and to the Monopolies commission. Many in Whitehall believe he had hinted that for him this could be a resigning issue.

That threat from its central banking chief could not be taken lightly. However, it is not a weapon that can often be brought into play, because Mrs Margaret Thatcher apparently would not be too devastated by that prospect.

As a senior Treasury official remarked: "If he again says 'over my dead body', then she might say 'thank you, and bury him'."

The sad fact is that the Prime Minister and the Governor do not hit it off. The chemistry just does not mix. Mr Richardson has brought dignity and authority to this crucial position. But he is very conservative, and very very Establishment.

Mrs Thatcher is certainly very right-wing, but she is refreshingly radical and blames the old Establishment almost as much as Labour for the economic and industrial mess which she claims she inherited. Curiously, in some ways she has more in common with the thriving and entrepreneurial Hongkong bank than with the governor.

The Prime Minister and the governor meet quite often, of course, at social functions. But they meet questions at a very secret Downing Street committee which is unknown to most ministers and has convened only four times since 1979. It was invented in 1976 by Mr James Callaghan and his principal private secretary, Sir Kenneth Howe.

Then called "the seminar" to distinguish it from orthodox Cabinet committees, it was intended as a forum for the Prime Minister to open up various policy questions, such as the exchange rate, interest rates, money supply targets, techniques for selling government debt, which were previously decided in the Bank and the Treasury with very little political input.

With Mr Denis Healey, Mr Harold (now Lord) Leveson, and a few senior officials and personal advisers present, it became under Mr Callaghan an important instrument of policy-making.

Mrs Thatcher has used this committee less frequently and more narrowly, discussing mainly domestic monetary questions, such as the abolition of minimum lending rate last summer. She involves many more officials than her predecessor. Sir Geoffrey Howe and, occasionally, Mr John Nott, attend from Cabinet. But the dominating figures are clearly Mrs Thatcher and the Governor.

Nobody is left in any doubt that the Prime Minister considers that the bank's technical handling of monetary policy has at times been less than professional. She also clearly suspects that Threadneedle Street is an undrainable bog of "wetness".

That is unfair to the governor, whose personal commitment to defeat inflation matches the Prime Minister's. But the bank does contain many soft neo-Keynesians and its lofty contempt for the policies of Mrs Thatcher and her Chancellor, often expressed privately at City lunches and last month openly paraded in the *Wall Street Journal*, cannot have eased relations between the Bank and No 10.

If, as rumoured, the governor is winning the present battle, few of the officials involved believe it will improve that situation.

Business News, pages 11, 13.

He's got city councillors afraid to answer their own doorbells.

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Tuesdays 9p.m.

CENTRAL

Poland: Pravda and Nato sound notes of warning

Moscow warns West sanctions will backfire

From Michael Mayhew, Moscow, Jan 11

As Mr Jozef Cyrankiewicz, the Polish Foreign Minister, began two days of talks with Andrei Gromyko, his Soviet counterpart, the Russians renewed their attacks on American sanctions and gave a warning that other Western countries joining in could lose their markets in the Soviet Union.

Pravda today denounced President Reagan's discriminatory measures against Poland which it said the Administration was trying to impose on its Western allies. It contrasted these with the new trade agreement Moscow signed with Poland last week which Pravda said showed the Soviet Union and its allies as Poland's faithful friends who came to the country's aid in time of need. The newspaper said that Soviet friendship had stood the test of time. "The enemies of Socialism and Polish reaction have tried more than once for their selfish purposes to poison relations between fraternal nations with the venom of mutual distrust, and to undermine our friendship. However their cruel designs were destined to fail."

Meanwhile, Mr Nikolai Patolichev, the veteran Foreign Trade Minister, gave a sharp warning to Western Europe this weekend that any country imposing sanctions against the Soviet Union would suffer immediate loss of contracts here.

He wrote in Pravda that the United States was trying to dictate to other countries, and in an unlawful way using trade relations to put political pressure on the Soviet Union and its communist allies. He said West Europe had expanded its trade relations with the Russians in the 1970s because this served the interests of both sides and helped the Europeans at a time of recession.

Mr Patolichev's warning was clearly timed in advance of today's Nato meeting in Brussels. Western reaction to the Polish crisis is one of the subjects Mr Gromyko probably has been discussing with Mr Cyrankiewicz. But he also wanted to hear the Soviet Minister's assessment of the first month of martial law, and as a member of the ruling Soviet Politburo is sure to want to know about the purge taking place in the Polish party.

Western diplomats here suggest the visit, the first top-level consultation since General Jaruzelski's emergency measures were proclaimed, is of considerable importance to the Russians. But Moscow may play it down publicly, treating it as a routine affair in order to avoid suggestions that the Russians are putting pressure on the Poles or directing Warsaw's internal policies. The Russians have made much of Greece's refusal to be bound by the European community statement on Poland. But they are clearly apprehensive that the Americans will persuade their Nato allies to take a tougher line than they have until now.

Yesterday, a Pravda article, signed without pseudonym, reserved for the views of the Soviet leadership, accused the United States of using the Polish crisis as a wedge to drive into the communist world and disrupt international relations.

It said Washington was counting on turning Poland into a destabilizing element and complicating the situation in Europe. But the paper suggested Soviet concern that the crisis should not endanger Soviet-American talks on medium-range missiles which reopen in Geneva tomorrow.

During their talks, the Soviet and Polish foreign ministers condemned attempts by the United States and some other Nato countries to interfere in Poland's external affairs (Reuters reports from Moscow).

Tass said they emphatically condemned attempts by the United States and some other Nato countries to interfere in Poland's external affairs.

N. America buys BL Systems know-how

The heavily automated production line for the Austin Metro is widely recognised as one of the most advanced in the world.

Before the line was built, BL Systems Ltd. developed a highly original computer software package that allowed production engineers to simulate problems on the production line itself and actually see what would happen and why.

It is called, appropriately enough, "See Why" and the advantages to production engineers are enormous.

BL Systems are now offering the package to other manufacturers and N. American giant Alan Aluminum, Perkins Engines, the British Airways Authority and the Post Office are early customers.

BL Fighting back

Purge prepares way for revival of party

By Our Foreign Staff

Preparing the way for the revival of the Communist Party, the Polish authorities have announced a purge to rid the organization of "men with foreign political ideas, opportunists and cynics".

At the same time, the press is being purged to ensure that newspapers faithfully report the Government's line. Since the military takeover, the Polish Communist Party has exercised virtually no influence. Now the military are reported to be attending party meetings and official party statements repeatedly emphasize the link between the coming purge and martial law.

From this process a "new party" is to emerge, according to *Trybuna Ludu*, the party newspaper. The purge is also designed to justify the wave of party resignations which came after the introduction of martial law, it is assumed.

The party will also be strengthened by the numerous "public salvations" and "national entente committees" being set up across the country. These groups are seen as a first move towards creation of a national front, to be led by the Communist Party.

Evidence that journalists are being purged comes from a Hungarian television interview with members of *Trybuna Ludu*, the party newspaper. Discussing differences of opinion as to how to deal with Solidarity, some suggested that membership could be

strengthened by the numerous "public salvations" and "national entente committees" being set up across the country. These groups are seen as a first move towards creation of a national front, to be led by the Communist Party.

His visit, at the invitation of the Polish Bank Handlowy, was seen as a significant development, coming when some of Poland's bank creditors are becoming restive.

Moscow must not interfere, Nato says

Brussels, Jan 11. — The following is the text of the communiqué issued after a special ministerial session of the North Atlantic Council held today:

1. The allied governments condemn the imposition of martial law in Poland and denounce the massive violation of human rights and the suppression of fundamental civil liberties in contravention of the United Nations Charter, the universal Declaration of Human Rights and the Final Act of Helsinki.
2. The process of renewal and reform which began in Poland in August, 1980 was watched with sympathy and hope by all who believe in freedom and self-determination; it resulted from a genuine effort by the overwhelming majority of the Polish people to achieve a more open society in accordance with the principles of the Final Act of Helsinki.
3. The imposition of martial law, the use of force against Polish workers, with the thousand of internments, the harsh prison sentences and the deaths that followed, have deprived the Polish people of their rights and freedoms, in particular in the field of trade unions. These acts

threaten to destroy the basis for reconciliation and compromise which are necessary to progress and stability in Poland. They are a clear violation of the commitments under the Helsinki Final Act, particularly the principle relating to respect for human rights and fundamental freedoms.

"Developments in Poland demonstrate once again the rigidity of the Warsaw Pact regimes with respect to those changes necessary to meet the legitimate aspirations of their people. This endangers public confidence in cooperation between East and West and seriously affects international relations."

The allies deplore the sustained campaign mounted by the Soviet Union against efforts by the Polish people for national reconciliation and democratic reform. They support the subsequent systematic suppression of those efforts in Poland.

These acts cannot be reconciled with the Soviet Union's international undertakings and in particular with the principles of the Final Act of Helsinki, especially those dealing with sovereignty, non-intervention, threat of force, and self-determination. The Soviet Union has no right to determine the political and social development of Poland.

5. The allies call upon the Polish leadership to live up to its declared intention to re-establish civil liberties and the process of reform. They urge the Polish authorities to end the state of martial law, to release those arrested, and to restore immediately a dialogue with the Church and Solidarity.

Only with reconciliation and genuine negotiation can the basic rights of the Polish people and workers be protected, and the economic and social progress of the country be secured. Poland could then expect to enjoy the benefits of stability in Europe and of constructive political and economic relations with the West.

6. The allies call upon the Soviet Union to respect Poland's fundamental right to solve its own problems free from foreign interference and to respect the clear desire of the overwhelming majority of the Polish people for national renewal and reform. Soviet pressure, direct or indirect, aimed at frustrating that desire, must cease. The allies also warn that if an outside armed intervention were to take place it would have the most profound consequences for international relations.

7. In their communiqué of December 11, 1981, Nato ministers reaffirmed their commitment to work for a climate of

TUC is refused visas for Solidarity inquiry

By Paul Routledge, Labour Editor

British trade union leaders have been told by the Polish military authorities that they cannot have visas to conduct an on-the-spot inquiry into the fate of Solidarity free trade union activists, and the TUC has now begun cutting its links with East European trade union centres.

The TUC International Committee yesterday heard a sombre report of the failure of month-long efforts by Mr. Murray, the General Secretary, to obtain admission to Poland as part of a European TUC fact-finding mission.

Union leaders were also told of a strongly-worded telegram from the Polish military authorities that they cannot have visas to conduct an on-the-spot inquiry into the fate of Solidarity free trade union activists, and the TUC has now begun cutting its links with East European trade union centres.

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The Polish embassy in London has advised the TUC that it "would not be appro-

prised" for a European trade union mission to visit Poland while a state of martial law exists, and similar requests by other national trade union centres have also been rejected.

The TUC International Committee, deeply deplored the refusal of the Polish authorities to give trade union representatives an opportunity to establish the facts of the situation "given the continuing reports of ruthless repression of trade union activity in Poland".

European union leaders will not give up their efforts to send in a mission despite failing at the first hurdle, but their continued condemnation of events in Poland has already been cited as a reason for not permitting such a visit and their renewed condemnation makes any granting of visas most unlikely.

The TUC yesterday condemned "the continuing repression of trade union activity in Poland and the sentencing of Solidarity representatives to long terms of imprisonment". It added: "While Solidarity representatives are in prison or interned, little credibility can be given to the statement by the Polish authorities that Solidarity will be allowed to resume activities as an independent trade union organisation."

Leaders of the Hungarian union organisation, SZOT, have taken a rather milder line in response.

12. The allies recognize the importance of economic measures to the future of Poland and the seriousness of Western concern over developments in Poland. The allies deplore the suspension of the measures already announced by President Reagan.

13. Regarding economic relations with Poland, the allies noted that the future of commercial credits for goods other than food will be placed, in absence, of the question of holding negotiations about payments due in 1982 on Poland's official debts should, for the time being, be held in suspense.

Affirmed their willingness to continue to provide humanitarian aid to the Polish people, and to continue to monitor by non-governmental organizations the situation in Poland, and to ensure that it reaches the people for whom it is intended. Noted that those allies which self-interest to Poland will seek the clearest possible Polish commitments with regard to the use of the food.

14. In the current situation in Poland the Soviet Union is urged to refrain from actions towards Poland which are necessary for the allies to ensure the course of future economic and commercial relations with the Soviet Union. Recognizing that each of the allies had in accordance with its own situation and laws, they will examine measures which could have arrangements regarding imports from the Soviet Union, maritime agreements, air services agreements, the size of Soviet commercial representation and the conditions surrounding export credits.

15. The allies maintain close consultations on the implementation of their resolve not to undermine the effect of each other's measures.

16. In addition to agreeing to consult on steps to be taken in the near future, the allies will also reflect on long-term East-West economic relations, particularly energy, agricultural commodities and other goods, and the export of technology, in light of the changed situation in Poland and the need to protect their competitive position in the field of military and technological capabilities.

"The Greek delegation has reserved its position on the sentence beginning 'Developments in Poland demonstrate once again the rigidity of the Warsaw Pact regimes...' and on paragraphs 11 to 14 inclusive."

Four European states agree to join Sinai force

From Nicholas Ashford, Washington, Jan 11

After weeks of delays and acrimonious exchanges, the Camp David accords have finally been reached on the participation of military units from four European nations in the Sinai peacekeeping force.

A diplomatic crisis was narrowly averted when Mr. Yitzhak Shamir, the Israeli Foreign Minister, flew to Washington last month for urgent talks with Mr. Haig. At the end of their meeting a joint statement was released in which the United States effectively dissociated itself from the European position and reiterated that the Camp David accords were the only "viable and ongoing negotiating process". For their part, the Europeans have affirmed in a separate statement that they recognize the peacekeeping force's functions as defined in the Egyptian-Israeli peace treaty and that their participation is not conditional on anything else.

This convoluted form of words, which will provide the basis of the European response to Israel this week, is intended to "save" the force. The British contribution is expected to be around company strength, and in any case not more than 200 (our foreign staff write). The exact components of the British contingent will depend on the overall requirements of the force. Signals and engineers are likely to predominate.

At Tel Aviv, the Israeli plan to induct settlers being displaced from Sinai was attacked today by the proposed beneficiaries, who said it was a "niggardly" and "unjust" plan, and by members of the parliament, who said it was "unjust" and "unjust". A spokesman for the inhabitants of the desert town of Yamit said at a press conference in Jerusalem that the townspeople had been deceived.

The four European nations originally announced their intention to join what is formally known as the "United Nations Truce Supervision Force" last November. However, in doing so they also reiterated their Middle East policy statements signed in Venice in 1980 and calling for a "self-determining" and a role for the Palestine Liberation Organization in future negotiations.

Because Israel rejects both concepts, Israeli leaders threatened to veto the European participation. The Israelis expressed concern that

the Europeans were under-estimating the Camp David accords which provide the basis for setting up the Sinai force.

The composition of the force, which is due to begin its peacekeeping role when Israel completes its withdrawal from Sinai in April, will be discussed by Mr. Alexander Haig, the Secretary of State, when he visits Jerusalem on Wednesday.

The Europeans will contribute only a few hundred of the 2,500-strong force. However, the Americans, who are providing half the force's manpower and 60 per cent of its cost, believe that European participation is essential to give the force as broad a base as possible.

At the moment only Fiji, Colombia and Uruguay have agreed to send units. Australia and New Zealand participate in the force made up of contingents from the Europeans being involved.

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NEWS IN SUMMARY

Three more whites held in Pretoria

Pretoria — South African police detained three more whites but declined to link them with Steven Biko, a Biko, who has been since last Thursday after visiting his imprisoned father. The three arrested by security police on Friday were named as Michael Jenkin, aged 35, his common law wife Kathy Hunter, aged 30, and Daphne Smith.

Mr Jenkin is the brother of Stephen Jenkin who with Alexander Mombasa and Kenneth Lee escaped from Pretoria Central Prison in December 1979 disguised as jockeys. They were all serving long sentences for anti-apartheid activities.

In a separate development police said they had detained Mr Ralph Worley, the head of the University of the Witwatersrand's counselling and careers unit.

Runcie against Bible smuggling

Hongkong — Reporting on his three day visit to China, The Archbishop of Canterbury, Dr Robert Runcie, appealed to religious groups to stop smuggling Bibles into the country, saying it was better to wait for formal requests. Smuggling Bibles created great difficulties for the Chinese church leadership, he said. Such acts could create a sort of second-hand heroism which was no good.

Terror four handed over

Ghent — Belgian police handed over to the West German authorities four suspected West German right-wing terrorists arrested near here on October 22 on suspicion of their involvement in a shootout in Munich last year. They were Klaus and Kristin Hewicker, Gerhard Topfer and Ernst Balke had protested that their clients sought political asylum in Belgium.

30 killed at nursing home

Oslo — The Norwegian police have asked the state prosecutor to charge Arnefin Nesser, (above) a former nursing home manager, with killing 30 of his former patients at the Orkdal old folks home near Trondheim. Since being taken into custody in March 1981, Mr Nesser has admitted killing 27 people by injecting the deadly poison curacil into their veins.

Court proceedings will not start until October 18.

Nazi jailed but he goes free

Frankfurt, West Germany — Former Hauptsturmführer (Captain) Gustav Richter, a former Nazi SS officer, was sentenced to four years imprisonment for complicity in the murder of hundreds of Romanian Jews during the Second World War. He was convicted for his role as police attaché at the German Mission in Bucharest in 1942 and "Adviser to the Rumanian Government on Jewish questions." Most of the Jews, deported from exile in France, died in the Auschwitz concentration camp in Poland.

But Richter, already sentenced to 25 years jail in the Soviet Union in 1951, left the courthouse a free man. The court ruled he had already served his sentence.

Russians copy microchips

New York — Government officials say they have evidence that the Soviet Union is copying advanced micro-technology systems developed in the West.

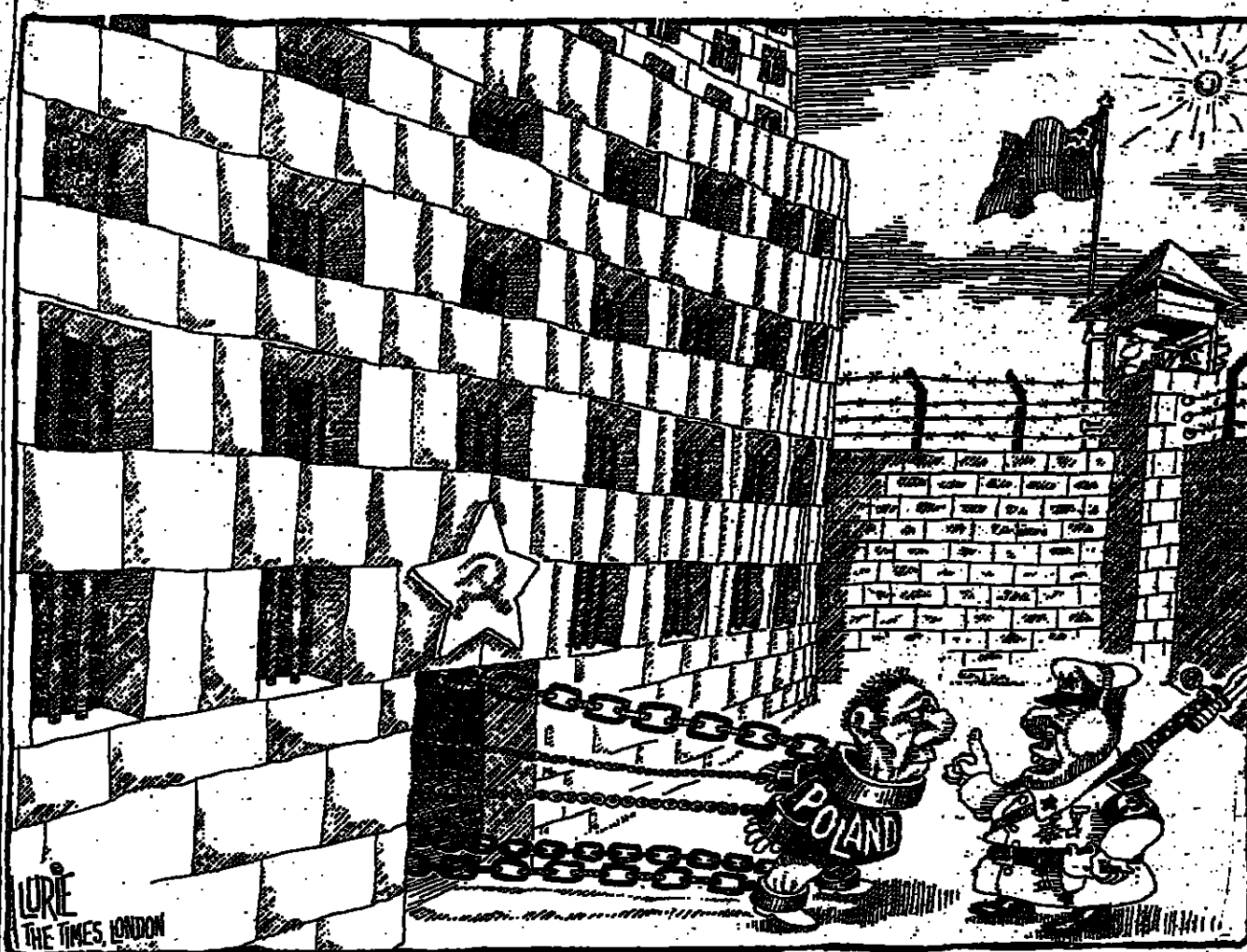
A Soviet "spy buoy" found off North Carolina contained a circuit board identical to one developed in the United States in 1974 and used in the radar of a fighter aircraft. The buoy could be used to detect submarines, officials said.

Zambian plot denied by II

Lusaka — Eleven of 13 men charged with plotting to overthrow the Zambian Government in October 1980, pleaded not guilty while one said he had been promised immunity from prosecution by President Kaunda.

Mr Munda Sikatana, a lawyer produced a letter from Mr Kaunda to prove it. The Attorney General, however, urged the Zambian High Court to reject his plea.

The remaining defendant, former Army Brigadier Godfrey Miyanda, raised no plea. The trial continues.



"See? Didn't I promise to let you out once you behave?"

S Africans may cede tribal land to Swazis

From Michael Hornsby, Johannesburg, Jan 11

South Africa is considering ceding to Swaziland territory at present occupied by the KwaZulu and KwaZulu black tribal homelands, it was learnt here today.

Swaziland, a former British protectorate which became an independent kingdom under King Sobhuza II in 1968, has laid claim to the whole of the KwaZulu homeland, a small strip of land adjoining northern border of Swaziland, and for a chunk of KwaZulu lying between Swaziland and the Indian Ocean.

The Swazi authorities contend that these territories are part of their ancestral lands taken from them by the British.

About 160,000 Swazis live in KwaZulu and the part of KwaZulu in dispute also contains a sizeable Swazi population.

Tribal leaders in the two homelands have contested Swaziland's claims. The Chief Minister of KwaZulu, Mr. E. Mabuza, has accused Pretoria of encouraging the territorial claims as a means of depriving South African-born Swazis of their South African citizenship.

Chief Gcisha Buthelesi, the Chief Minister of KwaZulu and the most effective black politician outside prison, maintains that Ingwama, the area of KwaZulu claimed by Swaziland, has been part

of Zululand since 1835, its inhabitants, including Swazis, have recognized the king of the Zulus as their king and that their chiefs have sworn allegiance to him.

South Africa were to accede to Swaziland's claims it could set a precedent for similar cessions of territory elsewhere.

Another obvious candidate for cession would be the tiny Owqwa homeland, whose 230,000 Basutos are ethnically indistinguishable from the inhabitants of the adjoining kingdom of Lesotho.

It seems more likely, however, that the South Africans want to use the threat of cession as a reminder to black leaders like Chief Buthelesi of what could happen if they do not go along with the apartheid strategy of creating '10 independent' black tribal states under the tutelage of Pretoria.

Meanwhile, reports of the detention, torture and even death in prison of political opponents of President Patrick Mphahlele of the northern 'independent' homeland of Venda, where about 360,000 live, have been given prominence even in the generally pro-Government Afrikaans press, which usually reports positively on the homelands.

US hearing opens on Playboy casino

From Our Correspondent New York, Jan 11

An hearing opened in New Jersey today to decide if Mr. Hugh Hefner and his Playboy Enterprises can continue to operate a casino there.

At stake is Playboy's right to the \$135m 500-room Playboy Hotel and casino on Atlantic City's boardwalk, where gambling is legal. New Jersey law enforcement officials have raised questions about the company's qualifications.

Playboy is best known for its magazine, but gambling now makes most of the money. Mr. Hefner will probably attend the hearing in two weeks' time. The same week hearings begin in Britain on an appeal against the loss of licences at two Playboy casinos. A court found that both casinos broke gambling laws, and Playboy then decided to sell all its British gambling operations.

Playboy has been operating the Atlantic City casino on a temporary licence, which is due to expire this month. The hearings today are about its application for a permanent gambling licence. The proceedings are conducted by the New Jersey Casino Control Commission, which will have before it a report on Playboy compiled by the New Jersey Attorney General's division of gaming enforcement.

Bihar: the sewer of Indian life

Delhi watches helplessly as its problem state slides into barbarism

From Trevor Fishlock, Patna, Jan 11

Bihar is India's sewer. Corruption, gangsterism, intimidation and the corruptions of standards in public life combine to give the state a nightmarish quality, a world turned upside down.

That students take their cribs and books into examinations is hardly remarkable here any more. Education, like much else in Bihar, is in a mess. The Government in Delhi seems helpless as the state slides into barbarism, its decline punctuated increasingly by violence.

Mrs. Indira Gandhi, the Prime Minister, who says that India is her family and that many call her mother, knows that Bihar is a state where many millions of her figurative children are the grossly exploited victims of landlords, thugs, politicians, policemen and public servants.

They are the serfs in a feudal system. They are cowed, effectively disfranchised and miserably paid by a ruling class, hallmarked by cynicism, greed and a determination to maintain its tyranny.

Much of Bihar's bloodshed and brutality springs from the efforts of the high caste masters to keep the low caste masses beneath the hatches. The climate in Bihar today is such that many people are afraid to speak out. Those who do tend to be pessimistic, anguished or resigned.

A professor in Patna said: "Hardly anyone now talks of morality, honesty or example. In Bihar today honesty simply means a lack of opportunity to make money corruptly. There is a collapse of standards."

"Welcome to hell", Mr. Deenabhai Thakur, editor of the *Indian Nation*, said in his Patna office. His newspaper is one of two under pressure from the state Government for publishing critical reports. The ruling Congress Party complains that the papers spoil the image of the Government and the prestige of party men. Many in Patna believe the Government is trying to close the papers. "We shall go down fighting", Mr. Jha said.

Thirty per cent of state legislators are involved in criminal cases. Even members of the ruling party have alleged that the regime of Mr. Jagannath Mishra, the Chief Minister, is corrupt.

Three years ago a state minister, Mr. Kapildev Singh, said in the state parliament that he used *gomdas* (toughs) when fighting elections and that all politicians did so whether they admitted it or not. There is no reason to believe the situation has changed.

When I asked villagers if they had ever voted they said no. They made pistols out of their fingers and said they were kept away from polling booths by *Gondas* guns.



Anarchy is complete. The state, which has 70 million people, is rich in resources, including two fifths of India's mineral wealth, but it is badly managed. Of its 44 public undertakings, 38 are crantically in the red.

The great majority of people work on the land as marginal farmers and landless labourers. They are in the thrall of landlords and their cast allies who have much of the police force on their side. The ruling elite has contempt for the law and pays well below the minimum legal wage.

The police have, by and large, become the enemies of the people. Recently an officer of rare integrity was removed for being too successful in cleaning up crime in a north Bihar district. The villagers were dismayed to see him go; they believed Mrs. Gandhi had sent him to relieve theirretchedness.

Spy agency feuds with police in Spain

From Harry Debelius Madrid, Jan 11

Evidence of a feud between Spain's main intelligence service, the Centre for Advanced Defence Information Studies (CESID), and the National Police leaked out here today after the embarrassing capture of a Spanish spy on a questionable mission.

Police sources revealed unofficially that CESID gave them false or misleading information on more than one occasion, and maintained a sceptical attitude about a denial from the Defence Ministry that a CESID agent taken into custody in Madrid last Thursday was involved in the surveillance of a judge who recently sent another CESID agent to prison.

Among other things, the struggle between the two organizations, one under the control of the defence ministry and the other under the control of the interior ministry, probably reflects the annoyance of certain high ranking police officials with the intensified campaign by the military intelligence service to ferret out evidence of right-wing plans.

The liberal Madrid newspaper *Diario 16* today suggested that better coordination of the efforts of the law enforcement agencies could be achieved by transferring control of the intelligence service to the Prime Minister's office.

Son Sann ready to step up war

By Simon Scott Plummer Increased guerrilla activity in Cambodia was needed to force Vietnamese troops to leave, the leader of one of the resistance groups said in London yesterday.

Mr. Son Sann, president of the Khmer People's National Liberation Front (KPNLF), because economic and political pressure on Hanoi had failed to force it to withdraw, Vietnam has about 200,000 soldiers in Cambodia supporting the government of Mr. Heng Samrin.

Mr. Sann, a former Prime Minister, said the KPNLF needed humanitarian, financial and military aid. The 114,000 people in the zone controlled by the front along the Thai-Cambodian border were short of food, medicine, clothes and farming implements.



Mr. Son Sann: looking for military aid.

General Dien Del, the front's military commander, who is accompanying Mr. Sann on his European tour, said he had about 9,000 armed men along the border and would welcome arms.

Mr. Sann is due to meet Lord Carrington, the Foreign Secretary, today.

Mr. Sann said he thought the Communist Khmer Rouge, the main armed resistance group in Cambodia, would accept before the end of January the proposal for a loose coalition with the KPNLF and the Moulinaka faction of Prince Sihanouk, the former head of state. The three groups have agreed that Mr. Sann should be prime minister of Cambodia once the Vietnamese have withdrawn.

Servants paid off in Zimbabwe

From Stephen Taylor Salisbury, Jan 11

Hundreds of domestic servants have been dismissed in Zimbabwe by employers who claim they cannot afford the new minimum wage which came into effect at the beginning of the year.

The employers, who had been told that anyone dismissing servants without government permission would be liable for prosecution, took advantage of a gap of a week between the gazetting of regulations and their introduction on January 1.

Part-time workers who were not covered by previous minimum wage regulations and who were consequently most open to financial exploitation have been worst affected.

However, others, mindful of the deteriorating prospects of finding other employment, have apparently come to secret arrangements with their employers to accept less than the minimum.

The wage of \$250 (about £37) a month is just one aspect of a new deal for servants drawn up by the Government and announced on Christmas Eve. The new regulations require, in addition that servants work no more than a 54-hour week with at least one full day off and receive two weeks' annual leave.

It is, in the main, not these regulations which have caused many employers to balk, but what are cited as anomalies in the new system. Part-timers, for instance, must be paid 90 per cent of the minimum although working perhaps only three days a week.

That, among other things, led to the spate of dismissals which in turn prompted Mr. Kumbirai Kangai, the Minister of Labour, to warn last week that anyone firing staff could be fined \$21,000 or be jailed for three months.

The vast majority of Zimbabwe's 180,000 whites and many of the growing number of affluent blacks employ a household servant, and many also have a gardener. Until independence there were no regulations governing wages or conditions of service, although some months later a minimum wage of \$230 was established.

Begin wants US to take case of Soviet dissident

From Christopher Walker, Jerusalem, Jan 11

The Israeli Government announced today that Mr. Menachem Begin, the Prime Minister, will formally request Mr. Alexander Haig, the American Secretary of State, to take up the case of Mr. Anatoly Shcharansky, who is serving a 13-year sentence in the Soviet Union for allegedly cooperating with the Central Intelligence Agency. The request will be made when Mr. Haig arrives in Israel on Thursday.

The announcement coincided with the release of a number of grim details of the conditions being endured by Mr. Shcharansky, a dissident who last week received his first visit from relatives in 18 months.

According to his wife Avital (who was expelled from the Soviet Union the day after her wedding in 1974) the new information has cast serious doubts on his ability to survive his sentence. Recently this has been amended to include a longer period in prison, rather than the less harsh surroundings of a labour camp.

Mrs. Shcharansky spoke emotionally about the visit which her husband's 75-year-old mother and his 35-year-old brother were allowed to pay to Christopol prison last week. The conversation took place by internal telephone through a double glass partition and was monitored by an agent of the secret police, the KGB.

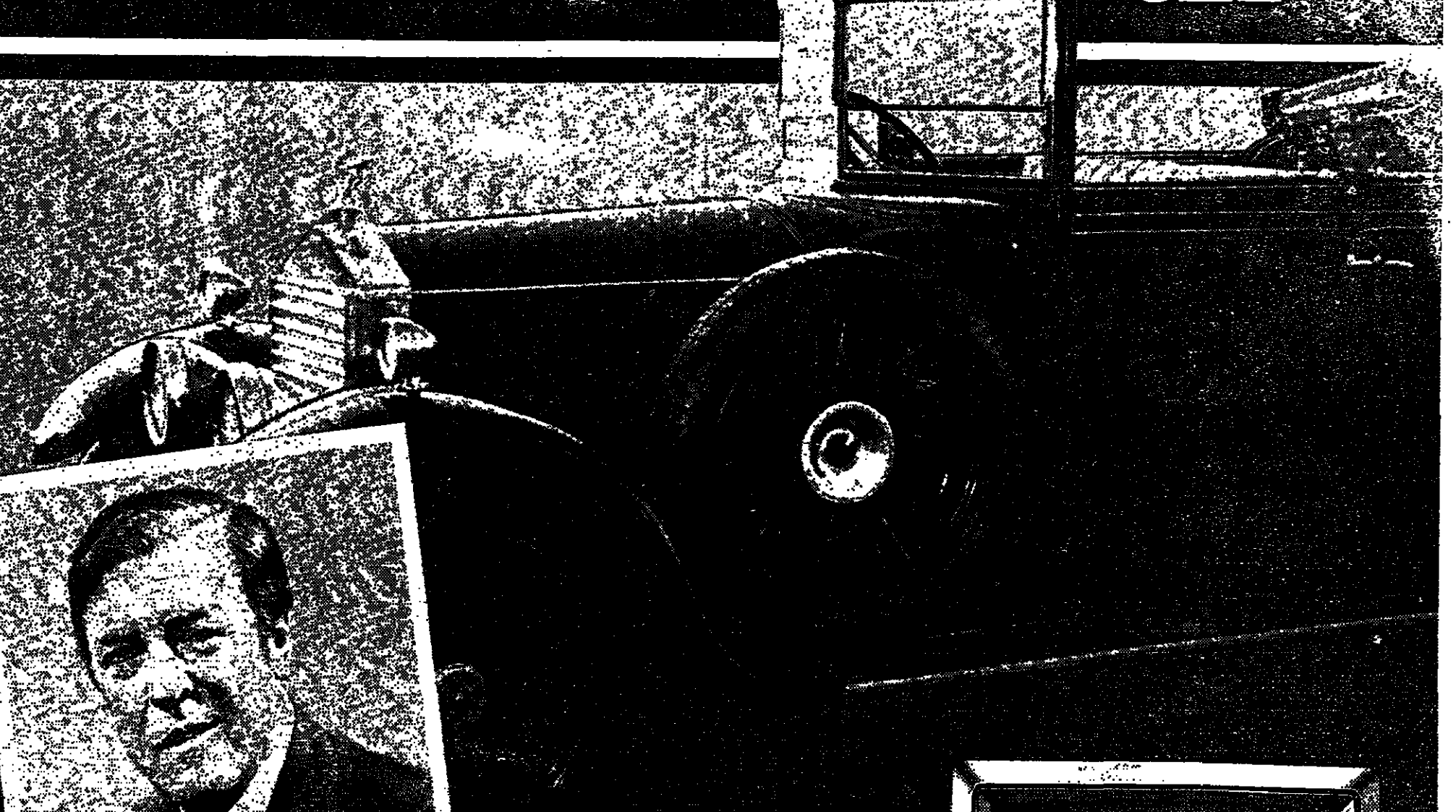
It emerged that Mr. Shcharansky had spent 130 days of 1981 in solitary confinement largely because of punishment imposed for his determined efforts to practice the Jewish religion inside jail.


Conditions in the cell were described to correspondents by Mr. Yosef Mendelevich, another prisoner who was allowed to come to Israel last year after nearly 11 years in Soviet prisons including Christopol.

"The cells have concrete floors with a bed board that is locked up during the day", he explained.

Mr. Shcharansky told his mother that last August he collapsed from lack of nourishment and spent 33 days in the prison hospital.


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Malaysian minister leapt to safety in air crash

From M. G. G. Pillai, Kuala Lumpur, Jan 11

Tan Sri Ghazali Shafie, the Malaysian Foreign Minister, was found alive and in good shape today, nearly 30 hours after the light aircraft in which he was travelling crashed in the jungle about 25 miles north-west of here.

From his hospital bed, the minister described how he became the only survivor in the crash. He unbuckled his seat belt and jumped out seconds before the aircraft crashed into a hill, he said.

He suffered cuts on his right hand from the broken windscreen, but he carried on until he found a stream where he washed himself. He tried to seek help but eventually darkness prevented him from going any further.

He then tried to sleep but could not, thinking all the time of the fate of the other two men. He only learnt the truth they were dead after his rescue.

He said he was not piloting the aircraft, although he was talking over the radio with the control tower when the aircraft crashed. Datuk Musa Hitam, the Deputy Prime Minister, described his colleague's survival as "just fantastic".

He was found about 65 yards from the crash site at the village of Janda Baik about two hours after rescue workers had recovered the bodies of his two companions from the wreckage.

The wreckage was located by an aerial search party eight hours after the single engine light aircraft crashed while carrying Tan Sri Ghazali and the two other men to a political meeting in his constituency in Kuala Lumpur.

The minister was then flown to a hospital here for a general check-up. A very confident Tan Sri Ghazali, none the worse for his experiences, said on landing: "I'm alive and can walk."

Another helicopter lifted the bodies of Chazan Duan, security aide, and Venigese Chako, the chief flying instructor at the Royal Selangor Flying Club, from an improvised landing pad that had been cut in the jungle this morning. Post mortem examinations are to be carried out before they are buried.

The minister, a civil servant turned politician, is one of the best known figures in Malaysia. He was appointed Foreign Minister last July, when Datuk Sri Mahathir Muhammad, the new Prime Minister, formed his first administration. Before that he had served as Home Minister for eight years. But his attempts to win the party leadership failed every time as he was outmanoeuvred by successive parliamentary elections.

He came into politics after 14 years as head of the foreign service, during which he was involved in every foreign policy initiative since Malaysia won its independence from Britain in 1957. He was a key figure in Malaysia's confrontation with Indonesia, and later in restoring close ties with Jakarta. He was also instrumental in the formation of Malaysia and of the Association of South-East Asian Nations (Asean). Ironically, he has yet to represent Malaysia as Foreign Minister at an Asean foreign ministers' annual meeting.

Position of unique power for Argentine leader

From Patrick Knight, Buenos Aires

When they assumed power in 1976 after the fall of the chaotic and corrupt government of Senator Isabel Peron, Argentina's military rulers set about what they called the process of national reorganization. The two subsequent Presidents, General Jorge Videla and Roberto Viola, proclaimed a belief in the need to make Argentina a democracy.

General Leopoldo Galtieri, the new President, repeated the promise in his inaugural address made just before Christmas, and said that he would continue talking to leaders of the political parties, though he gave no timetable for elections.

The armed forces in Argentina are perpetually concerned about preventing the emergence of another strong figure from within their own ranks who will be able to behave like President Juan Peron and take the country where he virtually wishes, and they have tried to construct checks and balances to prevent this. The result has been an apparatus where it is easy to paralyse the decision-making while the Argentine people have always responded to a strong man.

Although General Videla, the first of the present cycle initially combined the position with that of Commander-in-Chief of the Armed Forces, and thus had a seat on the Junta of Commanders which is the final arbiter here, President Videla, who was already a retired officer when he assumed the presidency, as the rules then dictated, did not.

He found himself hampered by constantly having to refer virtually every decision to the junta, on which the



General Jorge Videla: Had the advantage of a seat on the junta.

dominant figure was General Galtieri. The result was stalemate, and the impression in the past few months, that Argentina has been rudderless.

President Videla, and more recently President Viola, had been discreetly trying to work towards a *modus vivendi* with the political parties, with eventual elections as an aim.

One proviso would be that the army would undertake not to press the Army for an explanation as to the means used to wipe out guerrillas in the 1970s. Most of Argentine public opinion would accept such a solution over the estimated 10,000 dead.

Many observers in Buenos Aires feel that even if President Galtieri does not yet realize it, there is now no way for the military to regain their prestige and the freedom of manoeuvre they have lost during the past five years of mismanagement of the economy.

BIG CUTS IN SWEDISH SPENDING

From Our Correspondent, Stockholm, Jan 11

Wide ranging public spending cuts, aimed at saving more than 12 billion kronor (£1.2 billion), were announced in a budget presented to Parliament today by Mr Rolf Wirtén, the Budget Minister. The intention is to reduce a national debt currently standing at about £28 billion.

Mr Wirtén said the cuts would fall over the whole range of government spending, and would be specified in a series of Bills to be introduced in the spring.

An estimated 2 billion kronor would be saved by cutting public benefits, he said. That is likely to result in increased medical and dental fees as government support is cut. Some student grants will also be reduced.

The Budget Department said that adjustments would be made to sickness benefit payments. These are now paid from the first day of any illness. It is likely that in future they will be paid only from the third day of sickness.

Libyan cash follows end of rift with Ghana

From Geoffrey Morrison, Accra, Jan 11

In its first foreign policy initiative Ghana's new military government today re-established diplomatic relations with Libya, broken off in November 1980, by the civilian Government overthrown here on New Year's Eve.

Radio Accra, quoted by AFP in Abidjan, said the announcement had been followed by Libyan financial aid and a promise of food supplies.

President Hilla Limann's Government, toppled 12 days ago by the Provisional National Defence Council led by Flight Lieutenant Jerry Rawlings, accused Colonel Gaddafi's Government of subversive activities in Ghana

Press curb relaxed in Pakistan

From Hassan Akhtar, Islamabad, Jan 11

General Zia ul Haq, the Pakistan leader, today relaxed press censorship, except for reports concerning the Army and the Judiciary. He announced this at the inauguration of his nominated 250 member advisory council, saying that today was a memorable day and one which would have a deep impact on the nation's life.

General Zia said he was replacing his 10-year-old censorship with self-censorship for all daily newspapers in Pakistan provided they observed four guiding principles. These prohibited publication of news or views harmful to Pakistan and the ideology of Islam; endangering national security; prejudicing the dignity of the armed forces and judiciary; and encouraging communal religious prejudices.

He announced a similar relaxation a week ago in respect of literary and scholarly journals. The general said he hoped that the federal council would help him revive democracy in the country. He told its members that they were in the council as his nominees in a personal capacity and were not elected political leaders. But he asked the council to tell the Government what kind of democracy should be introduced in Pakistan and what should be its salient features.

He said he and his military colleagues remained committed to their desire that the country should remain in the hands of the people who truly deserve it. He was neither against democracy nor against elections. But the currently popular idea of democracy was not a holy book which could not be amended.

He asked the Federal Council to play an active role in Pakistan which he said had remained free from any serious political commotion for four and half years. He recognized that the country continued to suffer from the ills of corruption, violent crime and theft, a high cost of living and widespread illiteracy. He emphasized the need to take action on these matters and pointed out that unemployment had become a serious problem.

The Federal Council will hear during its six-day session a Policy statement from Mr Agha Shahid, the Foreign Minister, and will consider the issues raised in it.

AMNESTY CRITICISM: Respect for human rights has deteriorated steadily in Pakistan under the regime of President Zia, particularly during the past year, Amnesty International says in its latest report on the country (Our Foreign Staff writes).

Since the beginning of 1981, Amnesty has received a growing number of reports that political prisoners are being held incommunicado and substantial evidence has emerged that prisoners are being tortured systematically, the report claims.

and had threatened not to attend this year's Organization of African Unity summit if it were held, as scheduled, in the Libyan capital.

The resumption of relations came during a visit here by a Libyan delegation, the first foreign mission to visit Ghana since the coup.

In a statement the PNDC expressed its profound satisfaction at Colonel Gaddafi's friendship and solidarity.

The leader of the Libyan delegation, which arrived on Saturday on board a special aircraft before the resumption of normal commercial flights to Accra international airport, has not been identified.

Action fashion by Suzy Menkes



Warm-up

The only way to take January is lying down — with your legs stretched upwards and your stomach flattened to the floor.

Three weeks of festive indulgence and excess demand a ritual purgation. First the resolve to eat No More Nuts. Then the planned exercise programme to get you back into shape.

No. First the clothes. There is nothing more depressing than facing grey skies, a puffy tummy and the same old winter wardrobe. A New Year resolve to turn from a fat caterpillar into a slender butterfly demands a new cocoon of comfortable and cheery clothes. You can combine the desire to be warm with the idea of limbering up, by investing in the new breed of exercise clothes — all-in-one ribbed woolies, a sweetheart cardigan lapping the bust, or a flirty tu-tu to wear with trousers if you must.

Just as everyone now believes in exercise, we all now wear action clothes. Five years ago that meant a

transformation of specialist sports wear like leotards and track suits, by making them in fun colours and fancy fabrics.

The action clothes revolution now goes much deeper than that. When I was in New York before Christmas, I was struck by the sense that sportswear is all. In particular the "sweats" — separates made out of supple sweatshirt fabric — now dominate the young fashion floors.

American designer Norma Kamali launched a body-shaped collection of easy-to-wear clothes that threaten to engulf the once ubiquitous jeans. The idea of suffering to be beautiful has always been a part of fashion. But fewer women are now willing to put up with ridiculous or uncomfortable clothes. Sweats have the overwhelming merit of being relatively cheap, easy to maintain (out of the washing machine and on to your back) and wearable both for leisure and for work.

Working at the body beautiful is an all-American pastime. Confinement

tal women used to be known for moulding their bodies into shape with the right beauticians and the best bras. The American approach is predictably much less supine. You pick your body programmes: dancing, dance exercise, gymnastics, swimming — and you work at it with the same enthusiasm that you put into your career or your analysis.

Since most of the women I spoke to seemed to have a stronger fixation on their sports instructors than on their analysts, I feel that psychiatry may no longer be a growth industry.

We British used to take Wilde's view of exercise that one should lie down until the feeling passes. But a new book, setting out an Open University Course (*The Good Health Guide*, Pan £5.95) suggests that we are at last taking a real interest in healthy living.

Graphic illustrations (a pot-bellied man supine before the TV, right now, a less painful alternative to looking in the mirror.

stills of man against machine) punctuate a book that is sensibly divided between physical health (like eating patterns) and psychological stresses (like work or depression).

The Good Health Guide (published in association with the Health Education Council) is particularly sensible about exercise. It defines different areas of fitness, such as suppleness, strength and stamina, and devises a simple fitness test: run up and down a flight of 15 steps three times and try to hold a conversation without getting breathless. If you want to be more active, the book has suggestions of sports and exercises and also shows you how to plan to change and improve, and how to select an activity most suited to your own needs.

But reason not the need. Is there a woman among us who does not yearn for a better body? Taking exercise or taking up a sport is, right now, a less painful alternative to looking in the mirror.



■ Top: Super stretch in a ribbed wool all-in-one footless leotard £22.50; leg-warmers £5.95; leather 'Jazz skins' £11.85. All from Pineapple Dance Studios, 7 Langley Street, WC2; p & p 75p each. Elastic belt at waist. Freeds, St Martin's Lane, WC2.

■ Above left: At the bar in a mini tu-tu in sweat-shirt fabric £16.99 by Muscle from Pacific, South Molton Street, W1; Fit-396 King's Road, SW10; Down to Earth, Hove; Stunning Rags, Brighton. Snowflake leg-warmers £2.99. Jump Accessories: Leather ballerina pumps £24.95, Bertie, South Molton Street, W1 and branches.

■ Above: Warming-up in a cross-over practise cardy £8.20, Freeds; 64 St Martin's Lane, WC2. Striped strapless 'Bumble' leotard £8.20; Striped leg-warmers £7.50. Both from Dance Centre, 12 Floral Street, WC2; p & p 75p each. White thermolactyl leggings from £8.30. Darnley, Bingley, West Yorks, and Darnley shops. White tights, Charnos, Leather ballerina pumps £14.99, Sacha branches.

■ Left: Leaping into action in a track-suit-shaped sweater and leggings £37.50, Dance Centre, 12 Floral Street, WC2; p & p £1.50. Lurex leg-warmers £3, Pineapple Dance Studios, Langley Street, WC2. Leather pumps £10.50, Fit, 396 King's Road, SW10.

Photographs by Serge Krougloff. Hair by Anthony at Toni & Guy.

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Prisoners of conscience



Philippines:

Juliet Delima-Sison

By Caroline Moorehead

Juliet Delima-Sison, aged 42, wife of the first chairman of the Communist Party set up in 1968, gave birth to a boy in the medical wing of Fort Bonifacio's Military Security Unit in Manila on December 6. She has been in detention since November 1977. The baby is the result of a conjugal visit arranged with her husband, Jose Maria Sison, held in the same prison.

It has recently been the practice to release pregnant women, or where there are already children and both parents are detained, one parent. There is no sign that Juliet Delima-Sison is about to be freed.

After her arrest she and her husband were charged with subversion, rebellion and membership of the illegal Communist party.

She has been kept under excessively harsh conditions, often in isolation or blindfolded, and in a cell measuring 4ft by 11ft.

The Military Security Unit is normally used only for interrogation; long term political prisoners are moved to other jails.

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Where Ray Buckton got it wrong

By Clifford Rose, British Rail's chief negotiator



Clifford Rose: It's up to us to deliver

Dear Customer,

When Ray Buckton, General Secretary of Aslef, wrote to you, as he did in an open letter in yesterday's *Times*, about setting the record straight on the current railway dispute, what he did was present you with a selection of the facts in order to put the best possible face on the Aslef ban on voluntary overtime and rest day working and its call for strike action tomorrow and Thursday.

The recommendation by the Railway Staff National Tribunal in July meant that BR was asked to pay staff an extra 11 per cent, and find the 39-hour week

(which had been agreed in the 1980 pay agreement, provided it was introduced in the context of measures designed to reduce the impact on costs). Paragraph 190 of the recommendation, however, said: "Adequate pay and conditions must continue to be dependent on what can be done to maintain and improve productivity". Mr Buckton tells you that BR took the "unprecedented step" of saying they were not "prepared to introduce the pay recommendations". We said we did not have the money, and in the present recession, were unable to find it from higher revenues. The only way forward was by

making significant progress with productivity. And so to the arbitration and conciliation service, Aslef. The main plank of the Aslef argument appears to be that the pay and productivity agreements signed at Ascas were entirely separate. Let me quote from the minutes of the Railway Staff National Council meeting at Ascas on August 20, minutes since endorsed by all parties. The understanding on pay states: "The trade unions had already given the Board six firm commitments on productivity with dates by which negotiations must be completed... the indicated that they had decided to

accept the unions' counter-proposal which had been tabled on the understanding that the commitments on productivity would be honoured". Since August, a great deal of progress has been made on the six commitments to productivity and the majority of railway staff have accepted flexible rostering. But Aslef have refused to budge from the rigid eight-hour day.

Flexible rostering aims at employing staff more productively and is a means of introducing the 39-hour week at minimal cost. The benefits to staff include more rest days and less 'turns' starting and finishing during the "unsocial" hours, particularly between midnight and 5 am. For drivers, this requires the present guaranteed eight-hour day to be replaced by a guaranteed rostered day varying between seven and nine hours, and averaging 39 hours a week over an eight-week cycle.

If Aslef signed an agreement on productivity last August on which they had no intention of delivering, it is Aslef who have dishonoured the settlement and no smoke-screen of self-righteousness can hide this fact. Mr Buckton tells you that Aslef is willing to "enter into constructive talks at any time to end the dispute". What does he mean by "constructive"? If he means that he will accept the commitment promised in August, we can resolve the issue quickly. If the Board's firm stand means strikes are unavoidable, then we apologize to our customers for the hardship and inconvenience the strikes will cause; but the long-term interests of the industry, its customers and its staff will be served best by a more efficient railway. The vast majority of railwaymen are delivering on productivity, not just talking about it. The Board's stand is clear and justifiable. We will deliver when Aslef deliver.

Yours sincerely, Clifford Rose.

Time to suspend our disbelief?

A new word is being hatched into the vast flock of the English lexicon. The word is *disbenefit*. There have been several sightings of it in *Officialdom* dealing with social security matters, but none so clear as to make plain exactly what it means. It must, I guess, mean more than a simple disadvantage like having one's house in the middle of the proposed Stansted Airport, which would at present be the worrying opposite of a benefit.

Perhaps it means something intended to be a benefit which in practice is not; for example, the agreement to reduce in bus and Underground fares for somebody living in a highly rated London Borough who never travels by public transport. It might have something to do with the poverty trap, by which something intended to make one better off in fact has the opposite effect. It is probably related to a discommodity, which, in the jargon of economics, means the opposite of an economy, specifically an increase in costs arising when a business organization exceeds an "optimum size". When a firm, or a school, or some other organization expands above a certain point, administrative costs, a lengthening of the management hierarchy, and the growth of bureaucracy and baffle produce discommodities in increased costs per unit of output or child educated.

Economists are clodhoppers of language, and their jargon the mudiest. The last one to use English lucidly was John Stuart Mill. What are we to make of *disbenefit*? As long ago as 1935 A. P. Herbert was campaigning against the notion that one can take a good word, and put *dis* before it, or none in front of it, and come up with an equally good word. His *APHorism* was that nobody would think of saying non-sober when he meant drunk. He would be vexed to learn that any number of social scientists today not only think of it but say non-sober as a more impressive or less wounding way of saying drunk.

APH particularly disliked disequilibrium, usually financial disequilibrium in the City pages of *The Times*. He argued that equilibrium was an exact word — an absolute word like "absolute" or "unique". To add *dis* to it did not make another exact word, but a vague and feeble word. He liked disequilibrium as little as he would have liked disabsolutely for *absolutely*, or *disuniquely* for *unique*.

Well, APH lost that one too. Those monstrous jargons the economists found a precise use for: disequilibrium and discommodity, which they say have meanings that cannot be expressed any other way without intolerable circumlocution as if intolerable circumlocution were the element in which they live. It is their technical jargon, and we must leave them to get on with it. The rest of us can allow ourselves a bitter smile as it becomes increasingly evident that even if they understand their own jargon, in the real world they do not know their arses from their elbows.

Disselection, as threatened to Labour MPs, is another new non-word; APH called them jungle words. It sounds to me like a euphemism for the brutal truth of "sack", "get rid of", "dismiss". It is just as well that the fanatics and barbarians have not yet thought of a desecrating, or even defiling, solution for their moderate comrades.

Unite or die: the Alliance choice

By Dick Taverne

The Social Democrats and the Liberals will, undoubtedly, eventually agree over the sharing-out of parliamentary seats. But the friction which has been generated is a symptom of a serious weakness in the Alliance: the failure of all but a few — David Steel and Roy Jenkins being honourable exceptions — to look far enough ahead and see our future in perspective.

First we must realize that in the longer term there is no room for separate Liberal and Social Democratic parties. Under our present electoral system their separate survival is inconceivable. The odds against a third party are formidable; against a fourth they would be insurmountable. Even under proportional representation there would be room for four parties. If PR is introduced, we shall almost certainly adopt either the single transferable vote in multi-member constituencies, as in Ireland, or a variant of it, as in West Germany. Both systems have allowed only three main parties to become established.

In Britain, the three parties would inevitably be Labour, Conservative and a party of the radical centre. Neither Labour nor Conservatives will disappear. Even if support for Labour declines further, as seems possible, the party is still likely to retain a basic 15 to 20 per cent of the vote, rather like the Communist Party in France. It would remain a substantial force in British politics.

As for the Conservative Party, history suggests it is a durable and adaptable institution. I would expect it to regain ground before the next election, but even if it does not, there is every reason to expect the party to recover from its rather uncharacteristic lapse into ideology. It follows that unless the SDP swallows the Liberals, or vice versa (neither of which will happen), the two can prosper only if they become one party or remain permanently allied by such close ties that they are one party in all but name.

Of course if a deep ideological divide develops between them whatever the electoral advantages, a merger or permanent alliance may prove unattainable. On major issues of principle there is no such divide. This makes our long-term separation absurd. We both accept a basically free-market economy, not one run by the State; we recognize the need for the government to counteract the injustices and inequalities which market

forces can create; we support the EEC and Nato; we are internationalists. We want to move away from the excessive centralism of our institutions; we both support industrial democracy and proportional representation. There are certain to be differences between Liberals and Social Democrats on particular proposals for achieving these principal aims; but they are as likely to exist within each party as between them. The differences if any will be less fundamental than between Conservative "wets" and Thatcheries and certainly than those between Mr Healey and Mr Benn.

The obstacles to merger or permanent union are not therefore ideological, but historical and psychological. The Liberals have a history of recent success in local politics and community involvement and a long record of failure to achieve parliamentary power. The



Dick Taverne: don't misjudge the public mood

selfless dedication of hundreds of parliamentary candidates, who have fought with no hope of ever reaching Westminster and to whom standing for Parliament has almost seemed an end in itself, commands admiration and respect, but it has created a different attitude and approach from that of, say the ex-Labour MPs on the various SDP committees who have actually experienced power. Many people joined the Social Democrats rather than the Liberals because of this greater experience.

These differences in background and approach can perhaps in time complement each other and prove a source of strength. More serious is the rivalry and

conflict between some of the more partisan enthusiasts in both parties. I am full of admiration for those who give nearly all their time to party work. I am worried, however, that some of them seem to feel the need to support the SDP (or the Liberal Party) like a football team. After all, as little as two and a half years ago, when the inevitability of Labour's shift to the left was plain for all to see, some of our cheerleaders were backing a different side, apparently with equal fervour.

I do not believe that SDP members (nor ordinary Liberal Party members) want to see the parties become rivals. People joined the SDP to escape from the black-and-white over-simplifications of adversarial politics. There is no point in claiming that one group is stronger or purer, than the other. The success of the Alliance as a whole is more important than the relative success of its two constituent parties and, the closer the ties within it, the more obvious this will become to all concerned.

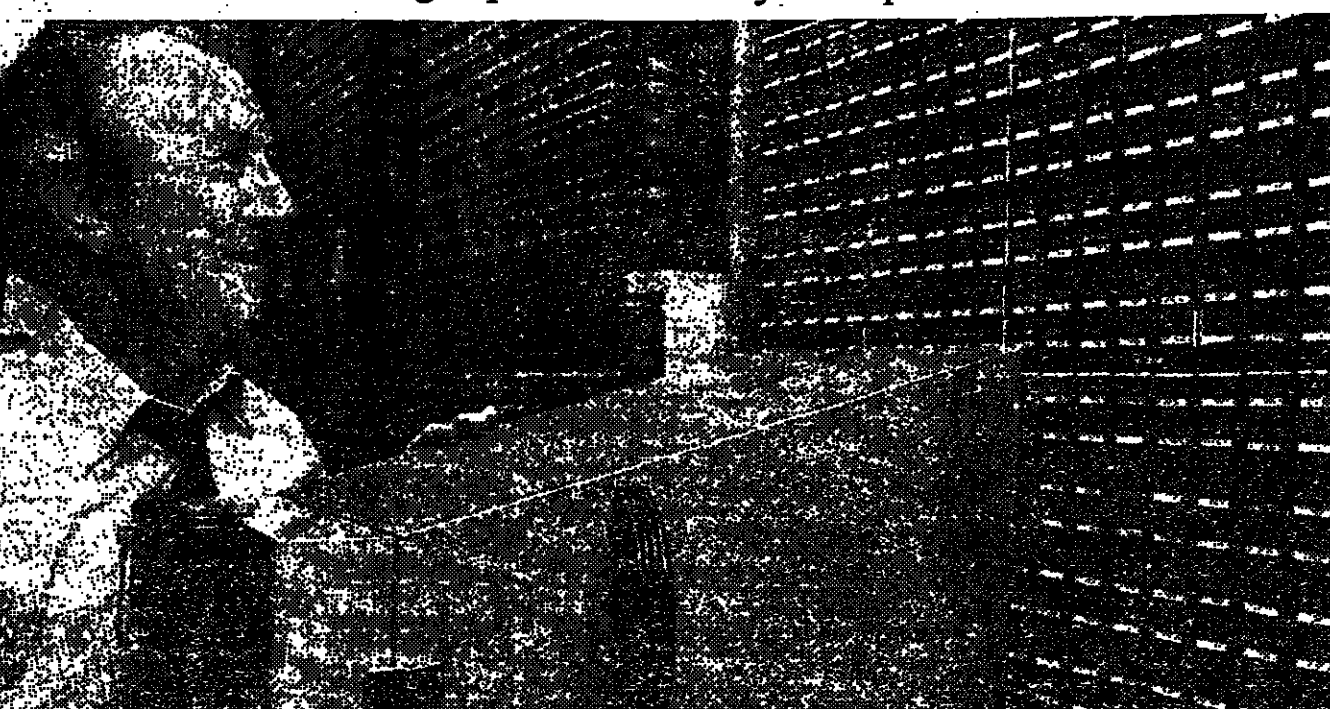
There is, however, a danger that separate development of the two parties will draw them apart. It is right and inevitable that a separate social democratic party should be set up, which meant devising a separate organization, constitution and policy groups. Events have shown that this has attracted a formidable body of new recruits to the radical centre and has immeasurably increased the prospect of transforming British politics. There comes a point, however, when separate development can be pushed so hard that obstacles are created to the final goal of a permanent change in the system, when the short-term aim conflict with the needs of long-term strategy.

What is most important of all is that we should fight the next election as an Alliance, with one leader, with one programme, with joint press conferences, joint party broadcasts and joint strategic command. If we see each other as temporary allies, linked only by an electoral pact of convenience, we misjudge the mood of the public and the opportunities for the future.

We must recognize that the Alliance must be permanent and this recognition should influence all our actions from today. The problems we face are too big to allow us to play the old party games. The author was a Labour MP from 1962 to 1972 and is now a member of the national steering committee of the SDP.

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Presenting a picture of everyone's phone bill



Snap decision at the exchange: a British Telecom employee photographs telephone meters

Count now, pay later

Inside a high room filled by a constant clicking sound, a man fits a device looking like a square loudspeaker to a wall of numbers arranged in rows of five or six. Looking like car mileometers, the numbers occasionally click around. Covering 100 at a time, the man systematically works through them, pulling a trigger each time his machine is in place.

This bizarre procedure is the first stage in the process which brings you your telephone bill. The man is using a device called a "System X" which exchanges which will automate phone bills and many other things. But this equipment, operating so far at only two places, will take two decades to install. BT have recently begun to wonder if it might not be a good idea to do something else in the meantime.

Sir George Jefferson, BT's chairman for the past 15 months, has found a number of things which have caused him to raise his eyebrows or to hear people asking: "Why haven't you done things like the North Americans?" He cites as an example the newest generation of exchanges which was being chosen in the early 1970s. Public expense

error caused by a smudge on a photograph. It is elaborate, labour-intensive and rigidly limits the amount of information available about how a phone line is being used. It is a fine example, says British Telecom as it leans hard on the Government for permission to borrow and spend more money, of a delayed-action penalty being paid for bad decisions made long ago.

Eventually, the whole system will be transformed by advanced "System X" exchanges which will automate phone bills and many other things. But this equipment, operating so far at only two places, will take two decades to install. BT have recently begun to wonder if it might not be a good idea to do something else in the meantime.

This is of course not the only advantage: computerization, which is eminently suited to telephone billing, and for which appropriate technology has been available for 15 years, will mean fewer workers. BT planners are coy about holding this saving up to too much light for fear of the industrial relations consequences. The Bristol experiment is partly aimed at finding out whether customers are more or less

querulous about their bills when they get more information about their calls. If they do turn out to be more querulous, more staff will be needed to handle complaints.

Whatever the potential savings, BT planners clearly do not expect the customers to pay the cost of investing in new machinery, which will be huge. Their calculations suggest that it could not be done for less than £30 a line and it would not cost more than £50. That comes out at a cost of between £540m and £900m, if the improved equipment is to be fitted to all of the 18 million lines in the country.

BT is already one of the country's biggest spenders at a rate of £230,000 every hour of every day. It plans to spend £2,000m a year for the next five years. Sir George Jefferson says that he is now more optimistic than he has been recently about the chances of persuading the Treasury to allow BT to raise investment money — which is more than likely to be forthcoming — beyond restricted Government loans.

But his chances of pleasing out the man with the loud-bailer can only be slim. Mr Michael Corby, director of the Telecommunications Users Association, which has been lobbying hard for "revised" phone bills on behalf of its business members, points out that BT is caught in a paradox: "When it had the money to do this, it didn't need to because phone bills were not so high or increasing so sharply — there wasn't the pressure from customers. Now that BT does need to do it, it does not have the money."



What the camera saw

George Brock

Philip Howard

An unlikely double act: Penguin and the RSC

A remarkable deal between the Royal Shakespeare Company and Penguin Books, now nearing completion, promises to revolutionize the marketing of the theatre and publishing industries. The RSC, in return for lending its name to endorse the new Penguin Shakespeare series, will receive a small royalty on each text sold — all of which will also include an invitation to join the RSC's mailing list. Moreover, Penguin will be given the first option to publish the texts of other plays performed by the RSC and in return is discussing the possibility of selling tickets in its bookshops.

The springboard for this unprecedented arrangement between two industries suffering a common difficulty — a declining public — was the 1980 publication of the Penguin *Hamlet*, which has an introduction by the Shakespeare scholar Anne Barton, who often writes programme notes for RSC productions. Her husband is none other than John Barton, RSC associate director who used the Penguin edition as director of the RSC's Stratford production the same year. This cosy arrangement was spotted by executives of both sides who realized that each might be able to assist the other on a more formal basis.

The first fruit of the new friendship also marks the RSC's London premiere of Arthur

Schnitzler's celebrated play *La Ronde* at the Aldwych Theatre. Penguin is publishing the first English translation of the play and the text has been prepared for it by John Barton.

Royals beware

The article in *The Times* on Saturday showing that the eighties in each century tend to be much colder than other decades prompted me to see whether any other hidden rhythms could be discerned from the history books. It turns out that they can, and they lead to these predictions:

● It will be a rough decade for royalty. In 1087 the very fat William the Conqueror was thrown on the pommel of his saddle, which fatally burst open his bowels; 1189 Britain's bloodiest coronation took place, when a Jewish money-lender tried to enter Westminster Abbey with a gift for Richard the Lionheart; he was beaten and many Jews were killed outside inside; 1382 the Queen of Naples was suffocated after she had changed her will (she is largely remembered for her decree that no man may force his wife to have sexual intercourse more than six times a day); 1485: Richard III was slaughtered at Bosworth Field; 1587: Mary Queen of Scots was beheaded; Fotheringay Castle, and in 1888 Kaiser Frederick III of Prussia died after a reign of only 99 days. A Scottish doctor had misdiagnosed throat ailment.

● It will be a great decade for inventions. In 1781 René Laënnec, who invented the stethoscope, was born; 1785: Benjamin Franklin invented bi-focals so he could see both his dinner and the person he was talking to; 1785: Lin was then Ambassador to France and his French was not very good; he found it helped his understanding if he could look at the person he was talking to; 1884: the Oxford English Dictionary first appeared; 1886: Coca-Cola was first brewed as a tonic for headache and hangovers; 1889: the first jukebox was installed, in San Francisco, though it was then called a "juke-organ".

THE TIMES DIARY

Geoffrey Burdon, the hauntingly named composer of the music which graced Tinker, Tailor, Soldier, Spy and the wistful theme music which crowned the recent *Brideshead Revisited*, has declined a generous Hollywood offer to write the music for award-winning John Carpenter's remake of *The Thing*, a 1950s horror film. An atheist and a remarkable feat for "church" music, Burdon tells me that time prevents his crossing the Atlantic; he is busy writing two operas and planning to travel to New Zealand to help organize a workshop for composers and choreographers sponsored by the Gulbenkian Foundation. But I understand that Burdon

would have found time for the project if he had been more impressed with the script. "I told the producer I was too busy," the diplomatic Burdon, 40, told me yesterday from his modest Victorian terraced house in St John's Wood. He is writing a one-act church opera, based on the Orpheus myth, as part of the 900th anniversary celebrations at Wells Cathedral in July, and has completed two-thirds of a three-act opera *Mirandola* based on the life of a sixteenth-century composer. While searching for a chance to stage it, Burdon is meanwhile keeping a close watch on the hit parade if his single from *Brideshead Revisited* reaches the top 30, it will probably be danced by Legs and Co on Top of the Pops.

● Contrary to expectations, crime will drop. In 1284 the Pied Piper of Hamelin piped away 130 of the town's children, thereby removing juvenile delinquency at a stroke; 1783: after 50,000 executions in 87 years at Tyburn, the authorities thought it safe to close it down; 1880: Ned Kelly was hanged in front of 5,000 people in Melbourne with the words: "Such is life"; 1881: Sheriff Pat Garrett shot 21-year-old Billy the Kid, who was (falsely) rumoured to have shot a man for every year of his life; 1882: Jesse James was shot in the back, although some believe he escaped.

Soho blow-out

Plans for a gastronomic festival are under consideration by the pornography-besieged restaurateurs of Soho. If, like the wares of their more exotic neighbours, they come off, the festivities will mark several months of solid achievement by the 30-odd members of the Soho Restaurateurs Association. Under the guidance of chairman Peter Bolsoi (Kettner's and Pizzini's Express), who founded it last summer, the association aims to remind Soho patrons that the area is also noted for its cuisine. As a first step in that direction, it has just persuaded National Car Parks to keep its St Anne's Court, Dean Street park open until 2am and launched a voucher scheme which offers clients free parking in a bid to entice them in.

Steps have also been taken to persuade the local authority to improve refuse collection, and install new public toilets in the area. A meeting with Ken

Social triumphs

Three more practical uses of the social sciences, today from David Rensley, Professor of Economics at Nuffield College. After prefacing his choice by saying: "It is the fate of major practical achievements in the social sciences to become so much a part of everyday life that they seem natural facets of the environment, or 'common sense', rather than the creations of social science research," he goes on:

● (a) The cost-benefit study of the Victoria line which demonstrated its feasibility in terms of social and economic, in contradistinction to financial, criteria;

● (b) The use of peak-load pricing by such bodies as British Telecom (and earlier by the CEBG);

● (c) Income-expenditure macro-economics (created by Lord Keynes and Kahn) which for two decades helped keep unemployment at historically unachieved low levels (and indeed predicted how the government's monetarist policies would lead to high unemployment).

Tomorrow some achievements in the field of education where the consensus among different scholars seems to be greater than in, say, economics.

Livingstone, leader of the GLC, will be held next month when members, who include Nick Lander of L'Escargot, Nigel Tarr of Epicure, Victor Sassi of The Gay Hussar, and Joseph Berkman of Jardin des Gourmets, will ask what support they can expect from him.

Habiteach

A mug of soup and a ploughman's lunch individually wrapped in a rustic red neckerchief yesterday at the opening of a rather unusual exhibition devoted to the origins of modern industrial design.

Early Olivetti typewriters, Gestetner copiers and a rather stylish Mobil petrol pump (circa 1964) were just some of the items on display in Terence Conran's new industrial design centre at the Victoria and Albert Museum.

The Conran Foundation, a new independent educational charity, has just converted the space in the V and A's old boilerhouse into a display area, the Boilerhouse Project, where the plan is to stage a series of exhibitions on aspects of design. Later there will be research facilities for professional designers.

Conran, slightly preoccupied yesterday with the imminent Mothercare-Habitat merger, told me he hoped the centre would offer young industrial designers a source of ideas. Stephen Bayley, director of the foundation, has no need of that: he was dressed in a white jacket, red bow tie and stylish pink-rimmed glasses.

Peter Watson

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Betting on
the future,
Page 13

£115m wiped off Royal Bank shares

By Peter Wilson-Smith, Banking Correspondent

Nearly £115m was wiped off the value of The Royal Bank of Scotland on the stock market yesterday after reports that the Monopolies Commission has recommended against both takeover bids for the group from Standard Chartered and Hongkong and Shanghai Banking Corporation. The Royal Bank's shares tumbled from 193p to 135p at one stage, finally closing at 142p. 500,000 shares were sold in the market late on Friday.

The Government will discuss the Monopolies Commission's recommendations this week and publication of the Commission's report is expected soon, although it was not originally planned for this week. On Thursday, Royal Bank directors are likely to be closely questioned by shareholders at the annual meeting in Edinburgh.

The Monopolies Commission's report has been circulated in Whitehall by Mr John Biffen, Secretary of State for Trade, with the Foreign Office, Scottish Office, Treasury and Bank of England all receiving copies. The bids for the Royal Bank have caused controversy in Whitehall with the Department of Trade and Foreign Office both concerned that the blocking of Hongkong and Shanghai's bid should impair trading relations with Hongkong and the Far East.

The Bank of England nailed its colours firmly to a merger between Standard Chartered and the Royal

ACC bid expected from a Court

By Philip Robinson and Paul Maidment

Shares of Associated Communications Corporation were suspended on the Stock Exchange yesterday amid widespread belief that Mr Robert Holmes a Court, the Australian newspaper and television company owner, was preparing to make a full takeover bid for the group and to replace Lord Grade as head of the company.

Discussions were going on last night on proposals for ACC to relinquish control of its Midlands television franchise and to accept a 51 per cent of the vote and as such comes under the jurisdiction of the Independent Broadcasting Authority. Ownership of Central is the key to whether Mr Court will be able to make a bid for ACC. The IBA indicated last night that the Australia who has built up a multi-million pound empire in seven years would never control a British television company and that it was expecting formal proposals from ACC over Central's ownership later this week.

ACC is due to hold a full board meeting on Wednesday at which the proposals will be discussed. With Central out of ACC's hands, Mr Court would be free to bid. It is likely that the price he would offer for the non-voting shares — the top price paid for his 50.1 per cent is 50p — would have to be on an agreed basis.

Meanwhile, ACC's under-taken not to pay over cash or sell property to Mr Jack Gill the dismissed group managing director was extended in the High Court when the Post Office pension fund presented an amended petition opposing the payoff. The hearing was adjourned.

De Lorean looks for £100,000 to more state aid

By Our Industrial Staff

Mr John De Lorean, head of the Belfast sports car firm, is expected in Northern Ireland soon to try to negotiate a deal with the British Government to ease his company's financial problems. The plant in Dunsurry was shut for one day yesterday as Government departments discussed guarantees required by the company to finance exports and new model development. The firm wants to raise £26 immediately via the Export Credit Guarantees Department, with another £10m to follow in March.

The ECGD is understood to be unhappy about De Lorean's financial position and would like to see a third party prepared to provide further guarantees. Mr De Lorean's own efforts to raise further private finance by a £6.2m share issue on Wall Street were set back last week by unfavourable market conditions, and no other private investor has stepped forward.

In these circumstances, the ECGD was understood yesterday to be looking in the direction of the Northern Ireland Development Agency, which already has nearly £18m equity in the company. NIDA would make no comment yesterday. De Lorean's decision to have production to 200 cars a week — starting tonight — was blamed by the company on interruptions in supplies of parts resulting from a strike on the Sealink ferry route from Larne to Larn. Reduced demand for the cars in the United States was also a factor. Industry sources suspect that the production cut may be a gambit intended to put more pressure on the British Government.

Until the cutback was announced last Friday, output had been 80 cars a day, all exported to the United States. It is the cost of financing this volume of exports that is the main cause of De Lorean's present difficulties.

It is known that when the ECGD proved De Lorean's recourse worthiness — to assess whether the company should its own unconditional guarantees have to be implemented.

Playboy's admiral

By Margaret Pagano

Admiral Sir John Treacher, head of Playboy for just 96 days before the group decided to sell out to Trident Television, has resigned and will collect a golden handshake believed to be between £100,000 and £200,000. It was confirmed last night that Sir John, brought in on August 1 to replace the flamboyant Mr Victor Lowes who was sacked in April, officially departed the casino group on Friday.

A spokesman for Playboy said Sir John will receive substantially less than half of the £400,000 handshake which was speculated when the deal with Trident was first announced. Mr Gwyn Ward-Thomas, Trident chairman, has taken over as Playboy's chief executive after the £14.6m deal, which gave Trident a 75 per cent stake in the group's three London casinos, 80 betting shops and four provincial casinos.

He said last night: "It was always taken for granted during our discussions with Playboy that Sir John would leave under a buy-out agreement, but this is no reflection on him."

Chrysler in Japan talks

Chrysler has confirmed that it is continuing to talk with Mitsubishi in Japan about a technology transfer agreement and other possible joint ventures.

Chrysler, however, denied a report from Tokyo that the gravity of the company's financial position had prompted the United States Government to intervene on its behalf by approaching Japanese banks and car companies for assistance. The talks between the company and Mitsubishi Motors, of which Chrysler owns 15 per cent, are private and began last year.

Reports from Tokyo indicate that because of the magnitude of Chrysler's debt, both the Japanese Government and Mitsubishi are being pressured by the United States Administration to extend financial assistance and low-cost loans to Chrysler.

Gross profits improve

Gross profits of British industrial and commercial companies, both inside and outside the North Sea oil sector, rose sharply in the third quarter of last year according to the Central Statistical Office.

Profits rose to £6,800m in the third quarter from £6,100m in the second, and £5,800m in the first quarter. Industrial profits outside the North Sea rose to £4,300m from £3,800m whereas profits of North Sea oil and gas industries was up at £2,500m in the third quarter from £2,300m.

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Business News

TUESDAY JANUARY 12 1982

Weather and US court action may hit BSC

Steel break-even hopes receding

By Our Industrial Staff

Steel Corporation programme led by the and the action of dumping

Viscount Etienne Davignon, the EEC's Industry Commissioner, warned that the American steel industry's action risked setting off a "snowballing of protectionist sentiment".

"Protectionism is no longer a risk, it's a probability," he told a press conference in Brussels.

He hinted that the moves being taken by United States industry to exclude European manufacturers from the American market could help deter Europeans from following the American line on sanctions towards the Soviet Union.

"If some one comes along and says don't sell steel and steel goes to Eastern Europe and then says you can't sell these products to our market, it's bound to cloud the dialogue", he said.

Viscount Davignon deplored the American decision which appeared to result from the intransigence of the country's steel companies and their determination to force a "draconian" reduction of imports of steel into the United States from



Mr Ian MacGregor: weathering storm.

The European community. The commissioner said, had a duty to prove that the seven American companies that are dumping and duty actions against steel companies in Britain, France, Italy, West

Germany and the Benelux countries have a "completely erroneous" case.

While overall American imports of those steel products covered by the European Coal and Steel Community treaty had fallen by 10 per cent between 1979 and 1981, the deliveries from the EEC had fallen by 16 per cent. Imports from the community had fallen faster than apparent steel consumption in the United States which had fallen by only 12 per cent between 1979 and last year.

These figures underpinned the charge by the United States that the EEC was responsible for the problems of the American steel industry, he said, pointing out that Europeans had even less patience with the argument when they saw US Steel launching an expensive takeover bid for an oil company like Marathon.

The eight companies involved in the action are US Steel, Armco, Bethlehem Steel, Republic Steel, Cyclops, Inland Steel, LTV corporation, Jones and Laughlin Steel and National Steel.

Using cards

Blake Editor

Herbert ben-eficiaries of the rected living standard 1/4 per cent in the of last year. The first since the of 1980 and still standards 3 per their level a year. The boost, now enough, able to replenish the

Colso did well in the 19th a rise of 100 cent in profits after companies invol North Sea and the stock appreciation. The figures show that net sector and comp're doing well. Cutshort time working shed amounts of overtime wages and salary 2 1/2 per cent. Gravitational government by 7 1/2 per cent, mostly increases in supply benefits. Total grant costs 24 per cent a year previous

Sole extra money in the pocket was spent hops. The 3 per cent total income before tax was 2 per cent consumer spending apt prices. The share saved went up to 1 per cent from its low 1/2 per cent. The second quarter of 1981 was still well off the 17 per cent record earlier. The volumes bought went down per cent. Comprofits in the third q after making a cut in customer and excluding appreciation were

Gestetner loses Nexos deal

By Bill Johnstone

The British Technology Group has reached an agreement for ICL to market the Nexos word processor rather than Gestetner Holdings yesterday. The negotiations with the British Technology Group to form a joint company to control the development, manufacture and marketing of the Nexos word processor had been terminated.

The Gestetner deal was dependent on BTG getting agreement from Logica Securities on transferring the manufacturing rights of the machine to Gestetner. It is believed that Logica preferred the ICL offer.

Under the ICL agreement which has been reached in principle between the National Enterprise Board (part of the British Technology Group) and Logica Securities, the Nexos word processor will be marketed by ICL but the manufacturing rights will be retained by BTG/Logica. Gestetner said that the agreement with British Technology Group terminated because BTG was unable to meet the obligations of the heads of agreement signed in November.

BTG has received an assurance from ICL that it is willing to explore with Gestetner, or other companies, agreements for distribution of the product. The ICL agreement with BTG is the latest in a series by the computer company over the last six months. The agreements have been meant to enhance the product range of the computer company and include a deal with Mital for the supply of private automatic branch exchange (PABXs), Fujitsu for big mainframe computers and advanced microchip and the Three Rivers Computer Corporation of America for a scientific terminal.

A spokesman for the BTG said that the group had regretted that negotiations with Gestetner had not led to a final agreement. He added: "It welcomes the new collaboration between Logica and ICL and believes that this will help to preserve the technology upon which the activities of Nexos were founded."

Mr Jonathan Gestetner, joint chairman of Gestetner Holdings said: "Despite our disappointment about the Nexos situation, Gestetner remains fully committed to the pursuit of opportunities in the electronic office systems. Nexos was also the marketing platform for products made by facsimile experts Muirhead. The National Enterprise Board and Muirhead have now agreed in principle to create a new force to promote the development and the marketing of the company's facsimile machines. Muirhead Office Systems (75 per cent owned by Muirhead and 25 per cent owned by the National Enterprise Board) will acquire the facsimile business of Nexos."

Wholesale price rises still slowing down

By Melvyn Westlake

The outlook for inflation improved last month as the rise in wholesale prices continued to slow down, and the cost of manufacturing materials and fuel was pegged.

Figures published by the Department of Industry yesterday show a December increase of 0.4 per cent in the prices of goods leaving Britain's factories. This is only half the rate of increase seen last summer.

However, the year-on-year rise in wholesale prices still inched up slightly to 11 1/4 per cent, from 11 per cent in November. This is the highest level for about a year and reflects the temporary boost to inflation caused by the fall in the value of sterling.

Hopes that the previous price inflation might soon be a thing of the past have been given a fillip by the trend of industry's own material and fuel costs. These showed a fall in November, the first for more than a year, and held steady in December.

As a result the year-on-year rate of increase has dropped to 15 1/2 per cent from 16.4 per cent in November and a peak 18.3 per cent in October. Further falls are likely over the next few months.

The only big factor adding to the fuel and material costs of manufacturing industry during December was an increase in electricity prices. But this was offset by widespread small decreases in other areas.

Commodity prices have been falling for some time because of the depressed state of the world economy, and they are likely to continue to slide while the recession continues. Over the past year, commodity prices have dropped by more than 20 per cent, in dollar terms.

This will help industry to keep its factory-gate prices down, although the outcome will be heavily influenced by what happens to wage costs, rather than raw material purchases. What happens to wholesale prices is a good guide to how retail prices will move.

This month is likely to show poorer wholesale prices because many manufacturers revise their prices at the beginning of the year.

Threat of strikes hits the pound

By John Whitmore, Financial Correspondent

Sterling fell sharply on foreign exchange markets yesterday in response to the general strength of the dollar and worries over prospective industrial troubles in the U.K.

The pound, which opened around the \$1.90 level, finished 3 1/4 cents down on Friday's London close at \$1.8865. This takes it back to the levels ruling just before the Christmas holidays.

The pound's index against a basket of currencies slipped 0.8 to 91.0. In New York, the dollar closed at \$1.8840 to the pound and at DM2.2915.

The dollar's strength was sparked off by the smaller than expected fall in the United States money supply reported on Friday and the fear that money figures due out at the end of this week will show a large increase.

With dollar interest rates tending to turn firmer in response to this, the United States currency advanced on a wide front. It finished 2 1/2 pence higher at DM 2.2815 and the Bank of England dollar index showed a 0.5 gain to 108.2.

Notably weak against the dollar was gold. The bullion price broke through its 1981 closing "low" of \$390, recorded last August, to end the day \$11 1/2 down at \$389.

In addition to the general demand for the dollar, sterling was also unsettled by the prospective rail stoppage and the possibility that the miners will vote to strike for their pay claim.

In domestic money markets, heavy intervention by the Bank of England kept short term interest rates on an even keel for most of the day, though the overnight rate did jump to 20 per cent for late balances.

The Bank revised downwards an original forecast of a shortage of £550m to one of £450m at midday. At that stage it bought £429m of bills. After lunch it bought a further £105m.

The rate of interest on certificates of deposit is to go up to 15 1/4 per cent from today for deposits used to meet scheduled tax liabilities.

On the New York stock market the Dow Jones industrial average closed down 16.07 at 850.46.

Financial Editor page 13

Stock Markets

FT Index 530.6 down 0.8
FT 100 62.14 down 0.1
FT All Share 305.14 down 0.95
Bargains 15,054

Sterling

\$1.8865 down 325 pts
Index 91.0 down 0.8
New York: \$1.8840

Dollar

Index 108.2 up 0.9
DM 2.2815 up 225 pts

Gold

\$389.00 down \$11.50
New York: \$385.80

Money

3 month Sterling 15 1/4-15 1/2
3 month Euro \$14-13 1/4
6 month Euro \$14 1/4-14 1/2

PRICE CHANGES

Rises

Bejam	7p to 120p
Berkeley Exp	17p to 364p
Bestobell	7p to 350p
Brit Sugar	7p to 380p
Castlefield	10p to 440p
Devenish	7p to 290p
Hoover	20p to 645p
Jardine M'son	7p to 95p
Rennies Cons	7p to 185p
Scotcrus	15p to 215p
Standard Chart	9p to 98p
Telephone Rent	18p to 582p
Union Discount	7p to 32p
Union Discount	10p to 413p

Falls

Bk of Scotland	43p to 473p
Cash Gold	8p to 462p
Cash Gold	10p to 190p
Cash Gold	21p to 565p
Lyonsburg Plat	15p to 155p
Martin News	8p to 251p
Middle West	8p to 625p
Nat W'minster	8p to 395p
Pearl	10p to 37p
Polky Peck	10p to 355p
Ryl Ek Scot Grp	51p to 142p
Seatrast	15p to 402p
SA Breweries	8p to 202p

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BUSINESS BRIEF

Parker call on enemy

Sir Peter Parker, chairman of British Rail, last night accused both main political parties of pulling the country apart by adhering to extreme and one-sided policies to solve Britain's industrial problems.

He called for a wholehearted commitment to the mixed economy and urged the setting up of a council of industry to forge closer links between industry and government.

Sir Peter, who had earlier dodged reporters waiting to question him about the imminent rail strike, told an invited audience of academics, civil servants, and

Science park for Midlands

Lloyds Bank and Birmingham City Council are investing £1m each in a new company to establish and run an industrial science park in the city. They aim to attract new, high technology companies to lessen Birmingham's over dependence on traditional "metal bashing" industries.

Aston University will play a key role in providing technical back-up. Birmingham has already acquired an old factory which it will convert into 30 small industrial units costing £2.5m.

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Mr Bob Barton, sales manager of F. A. Hughes, the marine equipment manufacturers of Epsom, Surrey, who won an Export Times Black Label award for personal achievement in exporting. He beat Japanese competition to gain a £1.5m contract to supply equipment for six Kuwaiti supertankers being built in Taiwan.

£30,000 for futures seat

The steering committee of the London International Financial Futures Exchange has decided to charge £30,000 per seat for the second batch of seats on the market.

This compares with £20,000 for the first 215 seats. The market will be inviting applications for the 185 seats in a series of advertisements starting on Thursday and demand is expected to be heavy.

Talbot UK lay-offs

Talbot UK has confirmed that it has postponed indefinitely the recall of 1,900 workers laid off at its Stoke engine plant near Coventry because of uncertainty about the future of its £100m a year export with Iran.

The men who were laid off on December 11 were due to restart next Monday. In a statement last night the company, which is owned by the French Peugeot-Citroen group, said the problem was the build-up of stocks in this country which could not be released until it received letters of credit from Iran.

Brazil support for cocoa

Brazilian banks are prepared to raise as much as \$120m on the Euromarkets to support the cocoa price if the International Cocoa Organization agrees to raise its levy on producers from one cent a pound to three cents a pound. The organization is due to meet in London on January 25.

The Brazilian banks, led by Banco Economico, are already raising \$75m to help fund purchases by the organizations buffer stock. The March cocoa price has risen by about £75 a tonne in London since the end of December to £1,204 yesterday.

Switzerland's consumer price index in December was 118.2, a rise of 6.6 per cent compared with a year earlier but unchanged from November.

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Switzerland's consumer price index in December was 118.2, a rise of 6.6 per cent compared with a year earlier but unchanged from November.

Rolls-Royce US issue

Rolls-Royce, the government-owned aero-engine manufacturer, is to raise as much as \$250m (£131.6m) in the New York commercial paper market. The group has raised dollar borrowings through the bond market, but not before through the issue of promissory notes. It has formed a new financial subsidiary in the United States to enable it to obtain the best rates in the market. Rolls-Royce says the issue is to raise working capital for its aero-engine programme, in particular for the RB-211 jet engine for which demand is now relatively good. It wants the New York commercial States market because so much of its business is done not before through the issue of promissory notes. It has formed a new financial subsidiary in the United States to enable it to obtain the best rates in the market. Rolls-Royce says the issue is to raise working capital for its aero-engine programme, in particular for the RB-211 jet engine for which demand is now relatively good. It wants the New York commercial States market because so much of its business is done not before through the issue of promissory notes. It has formed a new financial subsidiary in the United States to enable it to obtain the best rates in the market. Rolls-Royce says the issue is to raise working capital for its aero-engine programme, in particular for the RB-211 jet engine for which demand is now relatively good. It wants the New York commercial States market because so much of its business is done not before through the issue of promissory notes. It has formed a new financial subsidiary in the United States to enable it to obtain the best rates in the market. Rolls-Royce says the issue is to raise working capital for its aero-engine programme, in particular for the RB-211 jet engine for which demand is now relatively good. It wants the New York commercial States market because so much of its business is done not before through the issue of promissory notes. It has formed a new financial subsidiary in the United States to enable it to obtain the best rates in the market. Rolls-Royce says the issue is to raise working capital for its aero-engine programme, in particular for the RB-211 jet engine for which demand is now relatively good. It wants the New York commercial States market because so much of its business is done not before through the issue of promissory notes. It has formed a new financial subsidiary in the United States to enable it to obtain the best rates in the market. Rolls-Royce says the issue is to raise working capital for its aero-engine programme, in particular for the RB-211 jet engine for which demand is now relatively good. It wants the New York commercial States market because so much of its business is done not before through the issue of promissory notes. It has formed a new financial subsidiary in the United States to enable it to obtain the best rates in the market. Rolls-Royce says the issue is to raise working capital for its aero-engine programme, in particular for the RB-211 jet engine for which demand is now relatively good. It wants the New York commercial States market because so much of its business is done not before through the issue of promissory notes. It has formed a new financial subsidiary in the United States to enable it to obtain the best rates in the market. Rolls-Royce says the issue is to raise working capital for its aero-engine programme, in particular for the RB-211 jet engine for which demand is now relatively good. It wants the New York commercial States market because so much of its business is done not before through the issue of promissory notes. It has formed a new financial subsidiary in the United States to enable it to obtain the best rates in the market. Rolls-Royce says the issue is to raise working capital for its aero-engine programme, in particular for the RB-211 jet engine for which demand is now relatively good. It wants the New York commercial States

BY THE FINANCIAL EDITOR

What Mr Biffen should do

There has always been more political fire surrounding the rival bids for the Royal Bank of Scotland than commercial logic. And the political considerations will continue to predominate for the next few days at least, even on the assumption that the Monopolies and Mergers Commission has vetoed offers from both Hongkong and Shanghai Banking Corporation and Standard Chartered.

If the reports of the veto are correct, then Mr John Biffen, the Trade Secretary, has the power under the Fair Trading Act 1973, to overturn the recommendation, after due consideration with his Cabinet colleagues. We believe, without the benefit of knowing the commission's reasons for banning both bids, that there is a prima facie case for Mr Biffen to overrule the commission in the name of wider competition within the UK banking system.

That is not to say that the whole United Kingdom banking system should ever be allowed to fall under overseas control, merely that the Royal Bank of Scotland is the wrong place to draw the line.

No doubt the Foreign Office, the Department of Trade and the Cabinet's two most prominent free marketeers, the Prime Minister and the Chancellor themselves, would be deeply unhappy at the rumoured recommendations, though ministers will doubtless feel some sympathy for the Scottish angle likely to feature strongly in the report.



Mr Biffen — the power to act

But there are wider issues consequent upon a double veto. First, the Foreign Office will claim that by blocking the Hongkong bank, our relations with Peking could suffer at a time when the Chinese appear to be preparing to reach a compromise on the government of the Crown Colony where the lease expires in 1997. The Hongkong Bank, which effectively is the colony's central bank, enjoys good relations with Peking. Rejection in Chinese eyes means loss of face and could have a real, if undefined effect on our trade with China and make it more difficult for British firms to win large contracts in Hongkong.

The Department of Trade will doubtless point to the threat of retaliation to any further excursions abroad by British banks. Although it is probably true that large-scale expansion, particularly in the United States, has come to an end, there are obvious dangers in erecting a ring-fence around the United Kingdom banking system, and doubly so for a Government which professes faith in a free market.

Third, a veto would present difficulties for the Royal Bank itself and for the Scottish financial community. The Royal Bank has made no secret of the need to merge with Standard Chartered to create a larger capital base and expand away from its static, national base into the world league. Such expansion would have benefited the bank's commercial and industrial customers, as well as the Edinburgh financial community despite its relative silence on the bids.

Fourthly, a veto would entail a strategic re-think at Standard Chartered — a probable loss whatever the outcome — for SC saw the capture of Royal Bank as not only a share of the lucrative United Kingdom banking market, but as a reduction of its exposure in a South Africa which could grow politically more volatile over the next 10 or 20 years.

But vetoes would mean costly defeats all round, with one exception. They neatly lift the Bank of England off the

Hongkong hook and preserve its traditional supervisory role over the domestic banking system. The issue before Mr Biffen and the Cabinet is whether this kind of insular vested interest has a higher priority than the principles of free trade.

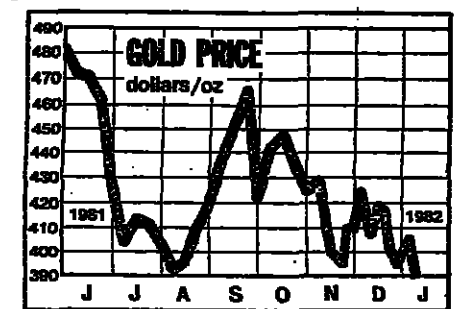
Gold Lacklustre prospects

Gold looked a little groggy yesterday, falling \$11.50 to \$389 an ounce, but there is still no clear sign that it is poised to break out of the present oscillation around \$400. The truth is simply that the market is dull and the metal has lost much of its appeal: the price has drifted down by \$40 an ounce over the past three months, a little influenced by rumours of Soviet and Gulf selling and more depressed by high interest rates and expectations that they will persist. Political crises, notably Poland, have supported the price only temporarily. In such circumstances speculators seeking quick capital gains have deserted the market.

Indeed, without fairly solid industrial demand the picture might appear even worse for gold bulls. The impact of the recession has probably been offset by the lower gold price: Christmas jewelry demand, for instance, was slightly better than in 1980. Fabrication, including dentistry and coins, consumes about 90 per cent of gold available to the market. Speculation in bullion occurs at the margin and is prompted frequently by considerations other than industrial.

What we are seeing, therefore, is gold largely stripped of its political and monetary pretensions and more akin than for several years to a normal commodity. Even the assumption that gold keeps pace with inflation must be challenged: it is certainly not doing so at the moment and a rapid drastic price increase is needed to compensate for possible losses incurred by anyone who invested at \$566 a year ago, not to mention more than \$800 two years ago.

Such an adjustment cannot be ruled out. Gold has a history of behaving abruptly. But the timing is very tricky, and there is no event or combination of events on the horizon which is likely to spark it off.



Wholesale prices A better trend

For many United Kingdom companies competing in international markets last year's sharp fall in sterling came not a moment too soon. Yet at the same time the lower external purchasing power of the pound quickly started pushing up the price of imported raw materials, with the annualized six monthly rate of increase consistently running above 20 per cent for most of the summer.

Over the last few months, however, the news has been steadily improving as sterling has stabilized slightly above its lowest levels and commodity prices in general have remained soft. The annualized rate of increase for input prices over the last six months has dropped back to 6 per cent, and that for output prices to just more than 8 per cent.

For many United Kingdom companies the temptation ought to be to restock with imported raw material over the first quarter of this year while recession continues to keep commodity prices favourable. The hesitation in increasing in their minds, however, may well be whether or not they really are going to be turning out as many goods later this year as they may have been hoping.

Royal Bank of Scotland, fourteenth annual meeting in Edinburgh on Thursday promises to be a stormy affair. There is a fair chance that there will be at least token opposition to the re-election of the four directors due for re-appointment and chairman Sir Michael Herries and managing director Mr John Burke are likely to be subjected to some tough questioning.

For whatever the eventual fate of the Royal Bank, parts of the Scottish community will still feel a sense of betrayal at the behaviour of the Royal Bank board, even though this has been tempered by reports that the Monopolies Commission has recommended against both bids for Royal Bank from Standard Chartered and Hongkong & Shanghai Bank.

The Royal Bank of Scotland's proposal to merge with the Standard Chartered Bank last March provoked immediate opposition in Scotland, mainly from groups and individuals who felt that it was another step in the reduction of Scotland to a branch economy. The Hongkong rival bid was equally unacceptable to this group.

The erosion of Scottish business life had already been seen in manufacturing, where all but a handful of major Scottish companies were now controlled from London, meaning remote decision-making and a constant drain of management and technical talent from Scotland to the South.

It had also been seen during the 1960s in the financial sector with the takeover of a number of large Scottish composite insurance houses by English firms. The North British and Caledonian, the two largest, among those which were swallowed by groups including Commercial Union and Guardian Royal Exchange. Only General Accident, based at Perth, remained controlled from Scotland.

The important Scottish life insurance sector defended itself by becoming "mutualised" (companies sold themselves to their policyholders). Today only one of the nine Scottish life companies is controlled from outside Scotland. As manufacturing jobs are lost wholesale in Scotland, the financial sector, which has stood up well against recession, becomes relatively

Helen Barker

Storm cones are hoisted over Edinburgh



Facing tough questions on Thursday: Sir Michael Herries, left, chairman of the Royal Bank of Scotland and Mr John Burke, managing director.



more important. A report commissioned by the Scottish Office last year estimated that 9,000 more jobs would be created in finance (mostly in Edinburgh) in the early 1980s.

The two independent Scottish clearing banks, the Royal Bank of Scotland (16% owned by Barclays) have been expanding over the last decade, getting in early on North Sea oil financing and into currency transactions. Both have overseas offices, in America and Hong Kong, although Royal Bank has by its own admission found international expansion tough going. This was one reason it sought a merger.

The third Scottish clearer, the Clydesdale, is wholly owned by the Midland and although it has autonomy in its Scottish operations, it is under the control of the Midland and its foreign transactions.

Bank of Scotland has successfully developed an autonomous merchant banking arm, the British Linen Bank (now the largest merchant outside the city of London) and a finance house, North West Securities, based in Cheshire. Bank of Scotland is also expanding into

English provinces and using American style direct selling methods.

The feeling in Scotland is that the Royal has lagged behind over the last few years, largely because it has been preoccupied with fears of takeover. In particular, it has no merchant banking operation to speak of, and has lost the initiative in Lloyds and Scottish to Lloyds Bank, which now has control of the finance house.

If Royal Bank stays independent, there will now be pressure from some shareholders to expand into these fields, using cash from the sale of Royal's 33% holding in Lloyds and Scottish to Lloyds Bank and funds raised on the strength of its balance sheet. Mr Burke has said publicly the Royal Bank has a contingency plan in the event of the Standard merger being rejected. It includes looking for a finance house and a merchant bank.

Some senior management changes are likely in the medium term. There could be a move for the removal of Sir Michael Herries and Mr Burke at the AGM on Thursday, but they will resist them without undue trouble.

Burke, however, has been under great strain through the merger affair and may take the opportunity to stand down.

The opposition in Scotland has come from a small but vocal group, led by two financiers: Mr Peter Vink, who runs a financial services company, Edinburgh Financial and General Holdings, and Mr Iain Noble, a former banker who now lives and works in Skye. Supporting them were the Fraser of Allander Institute at Strathclyde University, which coordinated evidence.

The Scottish Office was against a merger, because of the effect it would have on the Scottish economy. It also argued that it was important for the United Kingdom to maintain a second financial centre. The most vociferous lobbyist behind the scenes was Mr Alex Fletcher, Scottish Industries Minister. A George Younger, the Secretary of State for Scotland, was initially lukewarm about the merger, but is now persuaded that it is against Scotland's interests. He will argue the case for the rejection of both bids.

The Scottish Development Agency was against for

similar reasons, despite the fact that agency chairman Mr Robin Duthie is a member of the Royal Bank board.

The Scottish National Party was against the merger because it was an English plot, the Scottish TUC and Labour Party were against it because it was a capitalist plot. The Church of Scotland was against it because of the Standard's South African involvement.

In general, the Scottish financial community was silent, although it is usually conservative in what it says in public. Of those who did express views, the Bank of Scotland was against because of the effect a takeover would have on its own position, to say the least. Some (the fund managers) because they felt it would diminish the importance of Edinburgh as a financial centre.

When the Standard bid was first announced, there was some attempt to get a Scottish counter-bid for the bank. General Accident would have been the leading company. But it foundered on legal opinion that it would not be easy or perhaps even possible for an insurance and a bank business to be run by the same company.

Twice in the past eighteen months, the Monopolies Commission has voiced its concern about the erosion of Scottish commercial life as a result of takeovers by "foreign" bidders. In the case of Lombr's bid for House of Fraser, the Commission accepted that major decisions would be taken by Lombr in London but concluded that, as much of Fraser's business was already conducted in England, the risk of adverse consequences for Scotland was minimal.

The Commission showed rather more concern over the bid for Highland Distilleries by the Canadian company, Hiram-Walker. Throwing out the takeover, the Commission was plainly influenced by the arguments from both the Scottish TUC and the Scottish Development Agency that jobs would be lost, indigenous Scottish industries would disappear and career opportunities at Highland diminished. Three of the members including the chairman Mr Jeremy Hardie, who prepared the Highland report, have also sat on the Royal Bank panel.

Financial futures: will London give Chicago a run for its money?

London's first American style commodity market — in financial futures — is gathering momentum which even the hard living, fast talking denizens of its rival institutions in Chicago might envy.

There is expected to be another rush for seats on the proposed new London International Financial Futures Exchange (LIFFE) — due to start in the autumn — when a further 185 places are advertised later this week.

When the first tranche was put up for sale last May, demand was so heavy from all corners of the City — not to mention the odd adventurer — that LIFFE would have sold half as many seats again as the 215 it allocated.

LIFFE's steering committee met yesterday to decide, among other things, which put on a second batch of seats. With the risk of the enterprise falling flat on its face, or making as poor a start as the New York Futures Exchange did last winter. Now much more seats are being pushed up the entry fee from the original £20,000 to £30,000.

That is still a long way short of the cost of a place on Chicago's two financial futures markets where the entry fee is £150,000. But it will be some years before London can hope to rival the volume of business in Chicago — 25 million

contracts were traded last year.

The catalyst in the growing popularity of financial futures has been the increased instability in foreign exchange and interest rates since the early 1970s. A financial futures market operated and for months have been running a "shadow" dealing operation in London.

All the leading banks — clearing, merchant and foreign — are enthusiastic about the opportunities, while in its annual report last week stockjobbers Ackroyd & Smithers, singled out the financial futures business as an important area of growth because of the close way the United States markets have become linked with underlying bond and bill markets.

The impression, however, remains that the boat is mainly being pushed out by the market participants. The potential users, medium sized companies, building societies, insurance companies and even individual speculators appear to be in a state of hesitation.

A straw poll of corporate treasurers last week indicated that it would be some time before they became significant users of the financial futures market, not least because it would be a difficult convincing board of directors that they were not simply speculating.

To be fair, LIFFE has identified this problem and will be spending many hours in the months up to the

opening of the market giving seminars on just how and when to use these new-fangled instruments, and in particular trying to entice business from Europe, none of whose financial centres have such a market.

A more worrying stumbling block was removed last week when the Trustee Savings Bank and the clearing banks finally agreed on a price for the International Commodities Clearing House which is providing the crucial contract clearing facilities for LIFFE.

The uncertainty over the ICH's future had already prompted LIFFE to think about alternative clearing facilities, which by guaranteeing deals, provides an important confidence factor for the market as a whole.

It is still possible that the Inland Revenue could throw a spanner in the works depending on how it treats gains and losses for tax purposes. Uncertainty over tax was the bane of the traded options early life and the Revenue still has not decided whether financial futures should be viewed as income or capital.

According to leading accountants Spicer and Pegler, banks and other financial institutions should have little trouble. Their futures dealings should be treated as part of taxable trading profits although the Revenue may balk at allowing unrealized losses in the balance sheets.

Non-financial institutions like pension funds, investment trusts and unit trusts may not be so lucky. Their main reason for using the market is likely to be considered the prospect of capital gains, but tax-exempt funds could find themselves liable for income tax.

Whatever the Revenue finally decides, the present uncertainty is bound to act as a brake on the market as users hold back until their tax position is sorted out.

The long-term health of the market, however, is likely to hinge on the attitude of Chicago, where financial

futures were invented a decade ago in their inimitable blashy way many Chicago dealers reckon that London will be a nine-day wonder and that they will be able to snuff out any real competition as easily as they did with New York.

The framers of the London market have been rather clever. Instead of producing a pale imitation of Chicago, LIFFE has made great play of the fact that it will be completed in Chicago. Because of the different times of opening, it is thought Chicago will use London as an indicator of trends much the same as the London gold market is used.

The contracts traded in London have also, at least in part, been chosen so that they will not clash with the Chicago ones. The Eurodollar contract is specifically designed to pull in foreign interest.

Over the last five years financial futures have become an accepted part of financial life in the United States, and once the initial misgivings in London are overcome, there is no reason why they should not become as integral part of commercial life.

Ronald Pullen

Base Lending Rates

ABN Bank 14%
Barclays 14%
BCCI 14%
Consolidated Crds. 14%
C. Hoare & Co 14%
Lloyds Bank 14%
Midland Bank 14%
Nat Westminster 14%
TSB 14%
Williams & Glyn's 14%

* 7 day deposit on sum of £10,000 up to £50,000 13% over £50,000 14%

Business Diary: Gift Horses For Courses

American businessmen overseas who live in fear of losing business by offences against local etiquette have some good news. A 29-page booklet put out by the Parker Pen Company and called *International Business Gift-Giving Customs: A Guide for American Executives*.

In commissioning the publication, Parker Pen reasons that while the exchange of gifts is an important part of business in many countries the standard American business school is deficient in this area. Gifts and overseas business are natural interests of a pen manufacturer that sells 80 per cent of its products outside the United States.

The author of the study is Dr Kathleen Reardon, aged 32, an assistant professor of communication sciences at the University of Connecticut and author of an academic book called *Persuasion, Theory and Context*. Her research for the gifts study drew on previously-published material in interviews with 125 American executives who had worked abroad.

In the booklet Dr Reardon notes that American businessmen are often "ill-prepared to conduct business in any culture other than their own". Their handicaps, she said, include a general

inability to use any tongue but English, an ethnocentrism which manifests itself in criticism of the ways of others, and in impatience to get on with business that offends sensibilities and makes the Americans easy pickings for foreign negotiators better able to use time and small talk as allies.

Dr Reardon has never lived outside the United States but does not feel this hampered her work. "It's like studying 'rhetoric'," she told *Business Diary*, "you don't have to meet him."

Britain is apparently not a hot spot for gifts. In fact, "of all the recent studies in this investigation, Great Britain emerges as one of the least gift giving."

The study cites the "emotional connotations associated with gifts" and the "clear line between business and personal lives" observed in the country.

Since gifts are not a big part of British business, entertainment — such as dinner at a good restaurant or an evening at the theatre — are recommended as ways to show gratitude.

"In Great Britain," she writes, "appearance is everything. British private schools teach manners and discipline in British business emotions are rarely expressed and



"How about a compromise, Arthur? Owd lad? You accept our pay offer and we'll throw in as much thermal underwear as you can handle."

protocol is given the utmost attention.

"This emphasis on formality does not mean that the British are cold. Certainly they are not demonstrative but they enjoy clever banter and are a social people. They prefer not to discuss business during evening entertainment."

The ideal gift in France complements a Frenchman's intelligence and reminds him of the glories of France's history. Gifts should not be

offered on the first encounter. Flowers are suggested for home visits, but chrysanthemums (they signify mourning) and home decorations are not.

West Germany — wrapping is important. Brown, black or light paper might offend. White bows should be shunned. Red roses are verboten (they are for lovers). Only odd numbers of flowers should be sent.

Japan — a gift should always be brought on a home visit. Other advice: do not open a gift in front of a Japanese person or expect him to open your gift in front of you. Avoid ribbons, bows and bold colours. Books, candy, cakes and liquor are appreciated; the Japanese prefer Scotch whisky to bourbon. Do not present the gift in front of others.

The Arab world — do not bring liquor. Never bring a gift for a wife (or wives). Do not present the gift at a first meeting. Books and office paraphernalia are welcome. Be wary of animal themes (they may bring bad luck). Present the gift in front of others.

Dr Reardon modestly omits from her study her own taste in gifts, but hopes that anybody who takes the advice in her book will not spare the roses.

Sternworks

Are stock splits good for shareholders? The conventional wisdom is that they lead to higher share prices. But an article by Thomas Copeland, a Californian economist, in the *Chase Financial Quarterly*, a new and exclusive journal just launched by Chase Financial policy, part of the mighty Chase Manhattan Bank, argues that the market has gone too far.

Stock splits, or when shareholders are given or sold extra stock to lower the price of existing shares, benefit shareholders only when the company is already well regarded by the market.

Two of Stern's own advisers on the new quarterly are London Business School academics, Richard Brealey, who is Midland Bank Professor of Corporate Finance and Accounting, and Elroy Dimson, Prudential Research Fellow in Investment.

Stern told *Business Diary* yesterday that he sees *Chase Financial Quarterly* as a way of bridging the gap between academic research into financial markets and markets practitioners.

But few of those practitioners are likely to see the magazine. It's not just that it will cost \$1,000 a year — for which subscribers also get an annual conference — but that it will be sent to just 40 top chief executive officers in America. About the same number here will receive a somewhat modified European edition.

Joe's role: Joel Stern, Reaganist and now editor.

Ross Davies

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The Over-the-Counter Market

1981/82	High	Low	Company	Price	Ch'ge	Gross Div/P	Yld %	P/E Actual	P/E Fully Taxed
119	100	ABI Hldgs 10% CULS	119	—	10.0	8.4	—	—	—
75	62	Airsprung Group	70	—	4.7	6.7	11.1	15.4	—
51	33	Armitage & Rhodes	46	—	4.3	9.3	3.8	8.7	—
200	187	Bardon Hill	200	—	9.7	4.9	9.7	11.8	—
104	86	Deborah Services	86	—	5.5	6.4	4.3	8.1	—
129	97	Frank Horsell	127x12	—	2.4	5.0	11.4	23.5	—
68	39	Frederick Parker	68	—	1.7	2.5	29.6	—	—
78	46	George Blair	48	—	—	—	—	—	—
102	93	IPC	96	—	7.3	7.6	6.9	10.4	—
105	100	Isis Conv. Pref.	105	—	15.7	15.0	—	—	—
113	95	Jackson Group	97	—	7.0	7.2	3.1	6.9	—
130	108	James Burroughs	114	—	8.7	7.6	8.3	10.5	—
334	256	Robert Jenkins	256	—	31.3	12.2	3.6	9.0	—
59	51	Scruttons "A"	55	—	5.3	9.6	8.5	7.9	—
222	167	Torday & Carlisle	167	—	10.7	6.4	5.4	9.9	—
15	10	Twilock Ord	13	—	—	—	—	—	—
80	66	Twilock 15% ULS	74	—	15.0	20.3	—	—	—
44	29	Unilock Holdings	29	—	3.0	10.3	5.2	8.8	—
203	177	Walter Alexander	277	—	6.4	8.3	5.1	9.0	—
253	212	W. S. Yeates	216	—	12.1	6.1	4.1	8.3	—

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مكتبة ابن الجوزي

Football

English seeds of doubt are sown by Irish and Scottish voices

By Stuart Jones
Football Correspondent

The whippersnappers about England's seeding in the World Cup draw have taken out an official complaint. Harry Cavan, the voice of Europe and responsible for presenting its view to the organising committee, announced yesterday that Belgium and France have objected to England receiving preference and being ranked among the top six.

Mr Cavan, the president of the Northern Ireland Football Association and the senior vice-president of FIFA, said: "The rules allow the committee to make the draw according to geographical location, football form and commercial considerations. I know that pressure has been brought to bear to put England in Bittso so it will be easier to look after their fans."

Mr Cavan pointed out that there was a precedent. In 1978 Argentina asked for Italy to be included in their group because there were so many Italian residents in Buenos Aires. He confirmed, though, that Spain, the hosts, will stage their group matches in Valencia and Catalonia, the holders, will play in Alicante. The rest, he says is speculation.

Leo Havelange, FIFA's president, announced a list of seedings last Friday with four groups each of six nations. Presumably, that must be regarded as unofficial. Belgium and France were ranked third with Scotland and Northern Ireland and Oldham XI or Manchester City's side.

Cold comfort for clubs as weather hits League Cup

The League Cup has become the latest casualty of the weather, with two of this week's quarter-final matches already off.

Snow on the pitch has forced Ipswich Town to call off tonight's game against Watford and may prevent the match being played tomorrow. The Tottenham-Norwich game, scheduled for tomorrow, is already off. Clive White, the referee, ruled the White Hart Lane pitch unplayable after an afternoon inspection yesterday.

The prospects are little brighter for play at Anfield, where Liverpool are due to face Barnsley tonight, or at Villa Park, where Aston Villa should meet West Bromwich Albion tomorrow. A noon inspection today will decide whether the pitch can play, but their secretary, Steve Stride, said: "Unless there is a significant change in the weather, there is no chance of the match going ahead."

Sunderland, who have rearranged their first division game against Stoke City for February 10, have asked a local referee,

Oxford united at last

The rift between Oxford United and their supporters club has been joined forces to "ensure survival and the future prosperity of the football club". Robert Maxwell, United's chairman, has invited the supporters' club chairman, Les Town, the vice-chairman, Bill Black, and the secretary, Gary Whiting, to join the board of directors. Mr Maxwell has wiped out the supporters' club owed with about £13,000 of the £120,000 he is putting into United.

Athletics

Photograph fails to satisfy Walker

Adelaide, Jan 11.—The adage that the camera does not lie failed to impress John Walker in an athletic meeting here today. The former Olympic 1,500 metres champion was involved in a blunder which cost him the title and the Australian Paul Gilbert and Omar Khalifa of Sudan.

After studying the photo-finish, judges awarded Gilbert first place in 4:14.54sec with Walker and Khalifa dead-heating for second in 4:15.54sec. Walker immediately protested and said: "The print clearly shows that I won." But the New Zealand referee was overruled after judges had studied a larger and clearer video screen photo of the finish.

Mel Lattany, of the United States, won the 100m in an Australian all-comers' record time of 10.18 sec.

Latest European snow reports

Depth (cm)	Conditions	Off	Runs to resort	Weather (5pm)	C
Crans-Montana	140	Good	Heavy	Cloud	+1
Courmayeur	160	Good	Heavy	Cloud	+1
Davos	160	Good	Heavy	Cloud	+1
Flaine	130	Good	Heavy	Cloud	+4
Kitzbühel	130	Good	Heavy	Cloud	+2
Les Arcs	135	Good	Heavy	Cloud	+1
Niedermosern	100	Good	Heavy	Cloud	+1
St Moritz	130	Good	Heavy	Cloud	+1
Seefeld	130	Good	Heavy	Cloud	+1
Sauze d'Oulx	80	Good	Heavy	Cloud	+1
Val d'Isère	200	Good	Heavy	Cloud	+3
Verbier	200	Good	Heavy	Cloud	+3
Villars	30	Good	Heavy	Cloud	+2
Wengen	35	Good	Heavy	Cloud	+2

Depth (cm)	Conditions	Off	Runs to resort	Weather (5pm)	C
Austria	60	Good	Heavy	Cloud	+1
Belgium	120	Good	Heavy	Cloud	+1
France	120	Good	Heavy	Cloud	+1
Germany	120	Good	Heavy	Cloud	+1
Italy	120	Good	Heavy	Cloud	+1
Spain	120	Good	Heavy	Cloud	+1
Switzerland	120	Good	Heavy	Cloud	+1
United Kingdom	120	Good	Heavy	Cloud	+1
USA	120	Good	Heavy	Cloud	+1
Canada	120	Good	Heavy	Cloud	+1
Japan	120	Good	Heavy	Cloud	+1
South Korea	120	Good	Heavy	Cloud	+1
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England	120	Good	Heavy	Cloud	+1
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Ukraine	120	Good	Heavy	Cloud	+1
Uruguay	120	Good	Heavy	Cloud	+1
Venezuela	120	Good	Heavy	Cloud	+1
Wales	120	Good	Heavy	Cloud	+1
West Germany	120	Good	Heavy	Cloud	+1
Yugoslavia	120	Good	Heavy	Cloud	+1

Englishman who reached the top by going Down Under

Adshead revitalized

Robert Muldoon, the Prime Minister of New Zealand, yesterday summed up the feelings of his countrymen as they celebrated their triumph over the English in the World Cup final.

Mr Muldoon, who was on the side, who on Sunday clinched the trophy, said: "Heartiest congratulations on our magnificent win. New Zealand is very proud of the team's great achievement."

New Zealand, with a population of 3m, reached the finals by beating China, a nation of 1,000m, 2-1 in a play-off in Singapore. Crowds of 100,000 watched the match in Peking; in Auckland 6,000 used to be considered exceptional.

The triumph, however, was a far from uneventful one. It occurred to Fleetwood-born John Adshead that, with rare exception, the only New Zealand sportsman to make news as a player and a cricketer.

Adshead, now 37, had a brief and largely unimpressive career with an unimpressive Football League club before injury brought his playing days to a halt. He then turned to coaching—a path trodden by many similarly unfortunate young cricketers.

He learnt the rudiments of the job with cricket, before deciding to try his luck in Australia. In Perth he enjoyed great success, albeit in a standard of football hardly up to that which he had known in Britain. It was then that he decided to cross the Tasman

reserve goalkeeper, Augustus was to blame when Adshead opened the score in the twentieth minute. Rubio headed in from a free kick.

Adshead went 2-0 ahead in the thirty-third minute when Del Bosque won the ball on the half-way line and a sharp corner sent Marcos head in at goal.

Real reduced the deficit three minutes before half-time when Gallego squeezed the ball into the net.

Adshead conceded his superiority as he misguidedly tried to sit on their 2-1 lead.

Three off, 14 booked in Madrid derby

Fourteen players were booked, three were sent to the hospital, and the crowd roared and cheered on the pitch after the Madrid derby in the Spanish league on Sunday. Atlético were leading 2-1 when Real's West German striker, Bernd Schuster, was sent off for a foul on a Real player.

Mr Kerr still had 14 months of his three-year contract to run, following Bob Houghton's resignation last week. He was promoted from the fourth division in 1979. Mr Kerr immediately asked Liverpool for which Liverpool goalkeeper, who was knocked down by a bottle thrown from the Kop.

Today's fixtures

FOOTBALL LEAGUE CUP: Quarter-final, round 1: Liverpool v Barnsley (8.15pm).

FA VASE: Second round: Bournemouth v Bristol City (8.15pm).

POSTPONED: Football League Cup, first division: Southampton v Arsenal (8.15pm).

MOCKEY: London League: Chesham v Oxford University.

Tennis

'The Bull' makes dent in rankings

By Rex Bellamy
Tennis Correspondent

There is no longer anything unusual about the fact that the first three weekends of the year feature the concluding rounds of the ATP and WTA tours. The unexpected factor this time is the consistent prominence of the affable, talkative Steve Denton, who comes from ranching country in Texas.

Denton was runner-up to the Australian singles champion in Melbourne, partnered Kevin Curren in the final of the World Championship Tennis doubles tournament in Birmingham, and next Saturday will join Curren again in the doubles at the Volvo Grand Prix and the Masters tournament in New York.

A place in the Masters final depends on the players' success in the previous tournaments. Denton and Curren have been a respected doubles team for two years and Denton, aged 25, is one of the top 100 in the world. The two first became acquainted when Curren, a South African, was a student at the University of Texas in Austin in 1976 but they did not become

Ice hockey

Potts fights a lost cause

By Robert Pryce

Alan Potts, player-coach of Altrincham since New Year's Eve, had an understudy ready on Saturday. Nearly 3,000 Nottingham supporters forcefully expressed their displeasure at him by booing and hissing.

Potts was sent off in the English National League game with a match penalty for his fourth first fight of the night. His opponent, a 19-year-old, Nottingham's Wayne Kewell, the manager's son, was also dismissed.

Nottingham, who had been leading 4-3 at the time, went on to win 5-3. Potts, who was sent off for a foul, was booed and hissed by the Nottingham supporters.

Nottingham argued that Potts should never have been allowed to stay on the ice long enough to become embroiled in four fights. Altrincham's manager, Keith Purvis, believed that the home team "set out systematically to put Potts out of the game."

"It was obvious what they were doing," said Potts, a Canadian in his third season in Europe. "One guy after another was taking a shot at me. I claimed he was elbowed, punched and slapped by Nottingham players. Of course, I retaliated. I'm not going to take any garbage from anyone. I'm not going to let anyone give me a cheap shot and skate away."

They then left the land of the reserve goalkeeper, Augustus was to blame when Adshead opened the score in the twentieth minute. Rubio headed in from a free kick.

Brazil look for training camp

Lisbon, Jan 11.—Two of Brazil's leading players, Ronaldo and Zico, arrived in the Algarve region of Portugal here today to check out accommodation and facilities for a possible training camp in the Algarve region for the 1982 World Cup.

The Florença club have good news of their midfield star, Glauco Amorim, who is back in training after receiving serious knee surgery.

The Napoli-Juventus match was more exciting than the scoreline would suggest and one great save by the veteran goalkeeper Dino

willstrop fails to contain Australian

By Rex Bellamy

Chris Dittmar, an Adelaide left-hander who was seeded second, beat Chris Willstrop in a five-set match, 6-3, 6-4, 6-3, 6-4, 6-3, in the final of the British open junior championship, sponsored by the British Squash Association, at the Bromley Town Squash Club last evening.

Willstrop, Britain's national junior champion, had beaten the seed, Sohail Qaiser, of Lahore, by patiently luring the Pakistani into error in the semi-final.

It was not until the third game that Willstrop briefly succeeded in disrupting the pattern of Dittmar's game by getting to the front of the court and playing an unusual variety of shots.

Willstrop's game was more consistent than the scoreline suggested. He was more consistent than the scoreline suggested.

Commons is the master

Chicago, Jan 11.—Jimmy Connors sounded a warning for this week's Masters tournament by defeating the world No. 1, Björn Borg, in five sets, 6-7, 7-5, 6-7, 7-5, 6-4, to lift the \$100,000 World Banker's trophy.

Connors, of course, was the leading man of 1981. In the re-

For the record

NATIONAL LEAGUE: American Conference: Boston Bruins 4, Buffalo Sabres 2.

NATIONAL ASSOCIATION: Boston Bruins 4, Buffalo Sabres 2.

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NATIONAL ASSOCIATION: Boston Bruins 4, Buffalo Sabres 2.

Rugby Union

Wallaby ambassadors say thanks a million

By Peter West
Rugby Correspondent

Tony Shaw's Wallabies flew home to Australia last evening, their management united in a feeling that in spite of a frustrating climax and the loss of three international matches out of four, it had been a memorable tour. The whole party had just been airlifted by helicopter out of Port of Spain, where they had been stranded since last Thursday night.

The coach, Bob Templeton, added that he would not have missed the tour for a million dollars. Money can't buy that sort of experience, he said. The Wallabies coach said that the most exciting thing that had happened there in months.

"It wasn't us," he said at a farewell press conference in London. "We gave the rest of the world champions when we arrived. But we tried to play better rugby and I think we entertained the British public. I hope my team will be remembered as good guys both on and off the field."

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also on page 10

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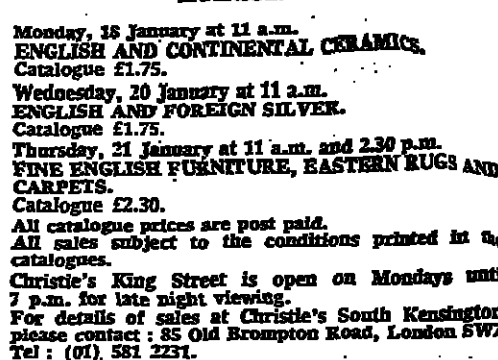
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Keith Waldegrave

No 'Snow Minister' but aid to councils

Continued from page 1

In London, travellers found rush hour suburban services halved from most stations and can expect similar delays today.

British Rail blamed the low temperatures, which from parts of the stock and track. The hot water systems in some Aberdeen to London sleeping cars had to be drained because they were freezing during the journey.

The London Midland region reported long delays on its services from St Pancras because most of its suburban trains were stuck in a Cricklewood depot with frozen brakes and cooling systems.

On Southern Region, which was worst hit, losing more than half its services both through the weather and the train drivers' overtime ban, reported that anti-freeze solutions were freezing as soon as it was sprayed on to the tracks.

The snow closed the M4 in Wales to all but emergency traffic and the M50 in Hereford and Worcester and the only road open into Wiltshire from Bristol was the A4. But most airports reported few delays.

The London Weather Centre reported that the temperature at Shawbury in Shropshire at 10.30 yesterday was minus 16 degrees Centigrade. No more snow is likely in the next day or two, apart from in north east Scotland, but it will be very cold.

Helicopters become the only viable form of transport in Wales and the West. Teams were used to detect breaks in power lines and to make sweeps of remote regions to help families needing food or medical help.

Thousands miss lessons, page 2

Mark Thatcher saved in desert

Gao, Mali, Jan 11. A found Mr Mark Thatcher, son of the Prime Minister, unharmed today in the Sahara desert in southern Algeria where he had been stranded since his Peugeot 504 broke down three days ago during the Paris to Dakar motor rally.

A helicopter picked up Mr Thatcher, aged 28, and his French co-driver Charlotte Verney about 43 miles north-east of the city of Timbuktu. Organisers of the rally said Mr Thatcher's car broke down on Friday during the sixth leg of the 6,200-mile race.

Poland's economic crisis

Why the Hungarian solution will not work for the generals

Some six weeks ago, when candour was still a virtue and not a dangerous eccentricity, the Polish newspaper *Zycie Warszawy* declared that Poles had become adept at not calling things by their real name.

If an administrator wanted to expand his empire he announced that he was on the brink of introducing a "reform". If the administrator wanted to do nothing at all, he would announce that he was "perfecting" an already existing reform. The key word being reform.

Four weeks ago, the Military Council of National Salvation assumed effective control of Poland and made only one promise: it would restore law and order so that economic reforms could be pushed through. If law and order means enforced peace and quiet then the military authorities have certainly achieved the first half of their undertaking. But reform?

The original idea, mooted in the heyday of Solidarity, was to decentralize the economy, allow the industrial enterprises to run their own marketing strategies, put them on a profitable basis ("self-financing"), introduce workers' democracy in electing directors (self-management) and to bring production into line with world market conditions and domestic demand. That in turn meant flexibility of pricing.

In short, it is similar to the New Economic Mechanism in Hungary, which can eventually bring considerable rewards for the population. But already the compromise has begun to be watered down, and to some extent President Reagan is being blamed.

Above all, the problem of Western debts has been aggravated by the United States Administration's hostile attitude to the military leadership and this in turn has affected the freedom that self-managing Polish industry would have had in terms of hard currency trading.

According to Mr Wislaski, the Polish economic adviser, the introduction of martial law has considerably aggravated Poland's payment situation. . . in particular due to the repercussions of the well-known decision by President Reagan.

But it is not only the military who have had to abandon some of the earlier plans concerning the use of hard currency by enterprises and make the con-

ditions of hard currency allocations more stringent. Mr Baka, writing in *Trybuna Ludu*, the communist daily newspaper, today said that Poland would also have to limit the import of grains and fodder because of American sanctions. A more specific point was made at the weekend by Mr Jerzy Urban, the government spokesman, when he said that the ban on American maize exports would seriously hurt poultry production in Poland and thus increase the problem of feeding the population.

Although sanctions have unquestionably had an effect on Poland's economic planning, one none the less has to peel away the propaganda from the facts. The facts are that large-scale decentralization of the economy is unthinkable under martial law; the election of worker directors, for example, would seriously undermine the authority of the military and the party. The facts are, too, that the economy is in such a poor shape that the Government feels it cannot loosen its grip on industry.

It may be convenient to blame President Reagan for having to renounce on some of the reform measures, but the current figures, announced at the weekend, have nothing to do with sanctions. Gross national product fell by 14 per cent last year, partly because of a 16 per cent drop in industrial production.

The official view is that price "reform"—a nice way of saying increases—will change some of this. Indeed, one relatively simplistic explanation for the military takeover was that previous price rises, in 1970 and 1976, had seriously threatened the stability of the country and that the present ailing party hierarchy would not have survived a new round of popular unrest. But price increases (manufacturers' prices have already gone up and food and fuel prices will go up radically in the next months) like being the only important part of a grand economic reform to be implemented.

Officials admit that enterprise managers are already operating without a great deal of consultation with the State—indeed, now that Solidarity activities are banned, it is difficult to see how this would be possible. Mr Baka says that "the

chief regulator of the economy will be the supply of raw and intermediate materials for production. The supply priorities should lead to a relatively rapid reorientation of many enterprises from production of capital goods to production for agriculture."

But it has already been said that the control of raw materials will be the central Government. It is difficult to resist the conclusion that for the next two years at least it is largely irrelevant to Poland's problems whether it operates from a centrally controlled base or on a decentralised system. Poland's two crucial difficulties are the question of Western indebtedness and that of labour productivity: both could, under optimal conditions, have been improved by a decentralisation. But in the current economic and political climate no amount of self-management is going to increase productivity.

The statistics are almost all against the possibility of speedy recovery: Poland has the slowest growth rate in Comecon; its economy needs a continuing flow of imported materials and technology to survive but export earnings are dropping dramatically. The result is that the debt problem will grow rather than shrink. Officials say that they would welcome a year's breathing space from Western creditors rather than a formal moratorium.

Economic reform was supposed to provide the solution. Indeed, many members of the party and military hierarchy still believe that a form of Hungarian-style decentralization will be the solution. Producing enough food to feed the population; enough consumer goods to compensate for the lack of political reform; giving the workers enough of a spur to produce more; enough independence to sell and make profits.

But it took Hungary 12 years between the Soviet military intervention in 1956 and the introduction of the New Economic Mechanism in 1968 to come up with a formula, and it has taken a further 10 years for the system to show real benefits. Poland quite simply does not have that amount of time.

Roger Boyes

Rail union leaders at their strategy session yesterday. Sitting, from left, are Mr Fullick, Mr Buckton, general secretary, and Mr Ronald Pullen, assistant general secretary. Standing, from left, are Mr Clarke, Mr Felton, Mr Rodger, Mr Johnson, Mr Ronsley and Mr Adams. Mr Ted Miles, the other executive member, was absent ill.

How Aslef draws up its battle lines

By David Felton, Labour Reporter

The resolve of leaders of the train drivers who have called the two-day national rail strike will be unlikely to weaken. Brinkmanship is very much a part of the negotiating strategy of the Associated Society of Locomotive Engineers and Firemen (Aslef), and indeed of British Rail on occasions, and the present dispute has already seen its fair share of such tactics.

The union's nine-man executive is noted for its militancy but in recent years that has mainly taken the form of threatening noises without being translated into industrial action.

However, in the current crisis on the railways, left and right on the executive have combined, as they usually do on industrial matters, and insist that more than brinkmanship is involved. The issue, as they see it, is BR's decision to break a pay agreement—something that is sacrosanct to Aslef.

On at least three occasions last year the union threatened strike action without actually calling its members out but

such is the industrial power held by its 20,000 driver members that a strike threat is sufficient to send shivers down commuters' spines.

Aslef is proud of its 100-year history as a tightly knit craft union although its membership has rapidly fallen from a peak of 77,156 at the height of the "golden age of steam" in the late 1940s to about 27,000 today.

It is maintenance of the craft tradition, of organizing the elite of railway workers, that has bred the union's industrial militancy but it must be remembered that the last time Aslef actually closed the rail network by a strike was in 1955, when no trains ran for 17 days.

Mr Ray Buckton, aged 59, Aslef's general secretary, bears the brunt of public criticism when the train drivers take disruptive action, but he is merely the spokesman of the executive which takes all policy decisions and one which he does not have a vote.

The political make-up of the executive is by no means clear cut and at the moment it is thought that the right and

centre-right members can muster a majority although as stated before, political affiliations rarely play a part in industrial issues where there is unanimity.

Elections for a probable later this year could change its political complexion with the left hoping to gain two of the seats and maintain its hold on the third.

Each member of the executive is an all-rail driver on secondment from British Rail, has to stand for election every three years, but the electors are not the drivers.

Mr Ross Goff, said to be a right winger, has already left the executive to take up the organizing secretaryship for Wales and the West of England. Mr Les Johnson from Merseyside, who is described as centre-right, will leave the executive later this year, having won an election for the full-time job in the North-west.

The third member to leave will probably be Mr Bill Ronsley, the union's veteran president who is a Communist. He is in the final ballot

for organizing secretary's post in the North and is expected to win the vote.

Another Communist on the executive is Mr Charles Rodger from Glasgow, who follows in the Scottish tradition in the union of returning a Communist to the executive.

Other left wing executive members are said to be Mr Derek Fullick, representing the militant drivers on Southern Region and Mr Lew Adams, based at the big Stratford depot in east London and representing Eastern Region.

Two members who are thought to be firmly on the right are Mr Terry Clarke, from Stockport, who represents the north of England, and Mr Les Felton from Birmingham, representing the Midlands. The other member of the executive is Mr Ted Miles, who sits for London Transport and whose voting is unpredictable but is said to be centre-right.

In the absence of Mr Goff that executive appears to be politically split down the middle but as Mr Ronsley has a casting vote decisions can usually be swung behind the left.

Today's events

Exhibitions
New German Photography, Octagon, Milson Street, Bath, 10 to 5.
Prisms and watercolours by Michael Cullmore, Anthony Davies and John Macfarlane, St Paul's Gallery, St Paul's Street, Leeds, 10 to 5.
One Man, One Rod, British Engineering, off Nevill Road, Hove, 10 to 5.

Picture of the Month—Study of a Whippet, by Augustus John, Cooper Gallery, Church Street, Barnsley, 1 to 5.30.
Special purchases and loans from Arts Council Collection, Cartwright Hall, Bradford, 10 to 5.
Foussin and his engravings, University Art Gallery, Portland Building, University of Nottingham, 9 to 5.
The royal wedding dress and presents, Cardiff Castle, 12 to 6.

Paintings by Jack Smith, Michael Johnson, Sue Smith and Helen Wilkes, Bridge Street Gallery, 7a Bridge Street, Bath, 12.30 to 5.30.
Beatrice Potter in Scotland, James Dun's House, Schoolhill, Aberdeen, 10 to 5.
Trials Encounters, ethnic objects collected by David Attenborough, Leicester Museum and Art Gallery, New Walk, Leicester, 10 to 5.30.
Music
Concert, City of Birmingham Symphony Orchestra, conducted by Moshe Atzmon, Birmingham Town Hall, 7.30.

Travel emergency: Rail, road and air

Rail strike
British Rail services will be disrupted again today because of the weather and the Aslef dispute. Passengers are advised to check times before leaving home.
There will be no trains after about 10 tonight until Friday morning. For latest information on today's services and general indication of late trains on main routes, call Traveline: 01-246 8021.

For regional information call:
01-283 7171; E England: 01-278 2477; E Midlands: 01-387 7070; NE England: 01-278 2477; NW England: 01-387 7070; S England: 01-262 6767; S England: 01-928 5100; W England: 01-262 6767; W Midlands: 01-387 7070; Scotland (via E Coast): 01-278 2477; (via W Coast): 01-387 7070; N Wales: 01-387 7070; S Wales: 01-262 6767.

Refunds will be made on unused tickets; season ticket holders can claim refunds, or (except weekly ticket holders) period of validity can be extended.

Parking
Police said if the strike went ahead there would be no free parking at meters in London. Parking restrictions would be enforced but there would be extra parking facilities for private vehicles in London, including car parks and car clubs.

Regent's Park, St James's Park, Botolph Claydon, Victoria Park, Hackney, Dulwich Park, and Peckham Rye Fairground.

Car sharing
During the rail strike motorists will be able to offer lifts without infringing their insurance policies, even if they accept a 25 per cent increase in running costs of the car. Under a car-sharing agreement with the Government, insurance companies are prepared to include the giving of lifts in their standard policies as long as the vehicle is not being used to make a profit. Any passenger who accepts a lift will be automatically covered under the minimum legal requirements of compulsory third party insurance.

Roadworks
London and South-east: M4: part of elevated section in Chiswick and Brentford closed between 9 pm and 6 am nightly. Avoid Earls Court area, delays and restrictions because of Boat Show 2002.

Midlands: A607: Queensborough Brook Bridge, Leicestershire, closed; local diversion. A45: Lane closures on Newmarket by-pass at Waterleaze.

Airports
At all airports, runways were clear and operational last night, with flight baggages cleared. Outgoing flights should be back to normal today, but heavy snow in W Europe is causing some delay to flights from the Continent. People meeting passengers should call airlines for revised arrival times.

Classical best sellers

Best selling records last week were: 1. Vivaldi: L'Estro Armonico—Hogwood (DG 25452); 2. Mahler: 7th Symphony—Tennstedt (HMV SLS 5238); 3. Domingo sings Tangos (DG 253616); 4. Beebivens: Symphonies 1/9—Sanderling (HMV SLS 5239); 5. Verdi: Rigoletto—Cortis (DG 253616); 6. Pachelbel: Canon and Other Pieces—Hogwood (DECCA SXDL 7541); 7. Wagner: Das Rheingold (Digital Discs 30137); 8. Bayreuth: Parsifal—Boyer (DECCA DS2522); 9. Holst: Planets—Karajan (DG 253616).

Postal delays

The Post Office says bad weather is delaying postal deliveries particularly in Wales, the West Country and some parts of the Midlands.

Weather

An anticyclone will move slowly SE over central areas.

6 am to midnight

London, SE, Central S, SW England, Channel Islands: Dry, bright or sunny periods early; mild, moderate; max temp 10 to 12 (12 to 14). East Angles, E, NE England: Dry with sunny intervals; mild, moderate; max temp 10 to 12 (12 to 14). Midlands, Wales, W, Central W, SW England, Lake District: Dry, freezing fog patches, mainly in most parts; min temp 0 to 2 (0 to 2). North Sea, Bristol Channel, Celtic Sea, Irish Sea, English Channel: Wind E, moderate or fresh; sea moderate; Irish Sea: Wind moderate or fresh; sea moderate; Irish Sea: Wind moderate or fresh; sea moderate.

Windy Firth, NE Scotland, Orkney, Shetland: Wind E, moderate or fresh; sea moderate; Orkney, Shetland: Wind E, moderate or fresh; sea moderate.

SEA PASSAGES: S, North Sea: Wind NE, fresh; sea moderate; English Channel: Wind E, moderate or fresh; sea moderate; Irish Sea: Wind moderate or fresh; sea moderate.

Lighting up time
London 4.46 pm to 7.21 am
Bristol 4.26 pm to 7.41 am
Edinburgh 4.26 pm to 7.41 am
Manchester 4.46 pm to 7.47 am
Penzance 5.14 pm to 7.49 am

Yesterday
Temperatures at midday yesterday: C, cloud; S, sun.
Belfast: C 2 F 37
Birmingham: C 2 F 37
Bristol: C 2 F 37
Cardiff: C 2 F 37
Dundee: C 2 F 37
Edinburgh: C 2 F 37
Glasgow: C 2 F 37
Liverpool: C 2 F 37
Manchester: C 2 F 37
Newcastle: C 2 F 37
Nottingham: C 2 F 37
Oxford: C 2 F 37
Penzance: C 2 F 37
Plymouth: C 2 F 37
Reading: C 2 F 37
Sheffield: C 2 F 37
Southampton: C 2 F 37
Stoke: C 2 F 37
Sunderland: C 2 F 37
Tottenham: C 2 F 37
Wolverhampton: C 2 F 37
Wrexham: C 2 F 37

Highest and lowest
Highest temp: Birmingham, 6C (42F); lowest temp: Glasgow, 0C (32F); highest rainfall: Birmingham, 0.3in; highest sunshine: Birmingham, 7.6h.

Satellite predictions
Figures are time of visibility, where rising, maximum elevation, and direction of rising. Asterisk denotes entering or leaving.

MANCHESTER: CLOUDS 151R: 17.18; 17.20; 17.22; 17.24; 17.26; 17.28; 17.30; 17.32; 17.34; 17.36; 17.38; 17.40; 17.42; 17.44; 17.46; 17.48; 17.50; 17.52; 17.54; 17.56; 17.58; 18.00; 18.02; 18.04; 18.06; 18.08; 18.10; 18.12; 18.14; 18.16; 18.18; 18.20; 18.22; 18.24; 18.26; 18.28; 18.30; 18.32; 18.34; 18.36; 18.38; 18.40; 18.42; 18.44; 18.46; 18.48; 18.50; 18.52; 18.54; 18.56; 18.58; 19.00; 19.02; 19.04; 19.06; 19.08; 19.10; 19.12; 19.14; 19.16; 19.18; 19.20; 19.22; 19.24; 19.26; 19.28; 19.30; 19.32; 19.34; 19.36; 19.38; 19.40; 19.42; 19.44; 19.46; 19.48; 19.50; 19.52; 19.54; 19.56; 19.58; 20.00; 20.02; 20.04; 20.06; 20.08; 20.10; 20.12; 20.14; 20.16; 20.18; 20.20; 20.22; 20.24; 20.26; 20.28; 20.30; 20.32; 20.34; 20.36; 20.38; 20.40; 20.42; 20.44; 20.46; 20.48; 20.50; 20.52; 20.54; 20.56; 20.58; 21.00; 21.02; 21.04; 21.06; 21.08; 21.10; 21.12; 21.14; 21.16; 21.18; 21.20; 21.22; 21.24; 21.26; 21.28; 21.30; 21.32; 21.34; 21.36; 21.38; 21.40; 21.42; 21.44; 21.46; 21.48; 21.50; 21.52; 21.54; 21.56; 21.58; 22.00; 22.02; 22.04; 22.06; 22.08; 22.10; 22.12; 22.14; 22.16; 22.18; 22.20; 22.22; 22.24; 22.26; 22.28; 22.30; 22.32; 22.34; 22.36; 22.38; 22.40; 22.42; 22.44; 22.46; 22.48; 22.50; 22.52; 22.54; 22.56; 22.58; 23.00; 23.02; 23.04; 23.06; 23.08; 23.10; 23.12; 23.14; 23.16; 23.18; 23.20; 23.22; 23.24; 23.26; 23.28; 23.30; 23.32; 23.34; 23.36; 23.38; 23.40; 23.42; 23.44; 23.46; 23.48; 23.50; 23.52; 23.54; 23.56; 23.58; 24.00; 24.02; 24.04; 24.06; 24.08; 24.10; 24.12; 24.14; 24.16; 24.18; 24.20; 24.22; 24.24; 24.26; 24.28; 24.30; 24.32; 24.34; 24.36; 24.38; 24.40; 24.42; 24.44; 24.46; 24.48; 24.50; 24.52; 24.54; 24.56; 24.58; 25.00; 25.02; 25.04; 25.06; 25.08; 25.10; 25.12; 25.14; 25.16; 25.18; 25.20; 25.22; 25.24; 25.26; 25.28; 25.30; 25.32; 25.34; 25.36; 25.38; 25.40; 25.42; 25.44; 25.46; 25.48; 25.50; 25.52; 25.54; 25.56; 25.58; 26.00; 26.02; 26.04; 26.06; 26.08; 26.10; 26.12; 26.14; 26.16; 26.18; 26.20; 26.22; 26.24; 26.26; 26.28; 26.30; 26.32; 26.34; 26.36; 26.38; 26.40; 26.42; 26.44; 26.46; 26.48; 26.50; 26.52; 26.54; 26.56; 26.58; 27.00; 27.02; 27.04; 27.06; 27.08; 27.10; 27.12; 27.14; 27.16; 27.18; 27.20; 27.22; 27.24; 27.26; 27.28; 27.30; 27.32; 27.34; 27.36; 27.38; 27.40; 27.42; 27.44; 27.46; 27.48; 27.50; 27.52; 27.54; 27.56; 27.58; 28.00; 28.02; 28.04; 28.06; 28.08; 28.10; 28.12; 28.14; 28.16; 28.18; 28.20; 28.22; 28.24; 28.26; 28.28; 28.30; 28.32; 28.34; 28.36; 28.38; 28.40; 28.42; 28.44; 28.46; 28.48; 28.50; 28.52; 28.54; 28.56; 28.58; 29.00; 29.02; 29.04; 29.06; 29.08; 29.10; 29.12; 29.14; 29.16; 29.18; 29.20; 29.22; 29.24; 29.26; 29.28; 29.30; 29.32; 29.34; 29.36; 29.38; 29.40; 29.42; 29.44; 29.46; 29.48; 29.50; 29.52; 29.54; 29.56; 29.58; 30.00; 30.02; 30.04; 30.06; 30.08; 30.10; 30.12; 30.14; 30.16; 30.18; 30.20; 30.22; 30.24; 30.26; 30.28; 30.30; 30.32; 30.34; 30.36; 30.38; 30.40; 30.42; 30.44; 30.46; 30.48; 30.50; 30.52; 30.54; 30.56; 30.58; 31.00; 31.02; 31.04; 31.06; 31.08; 31.10; 31.12; 31.14; 31.16; 31.18; 31.20; 31.22; 31.24; 31.26; 31.28; 31.30; 31.32; 31.34; 31.36; 31.38; 31.40; 31.42; 31.44; 31.46; 31.48; 31.50; 31.52; 31.54; 31.56; 31.58; 32.00; 32.02; 32.04; 32.06; 32.08; 32.10; 32.12; 32.14; 32.16; 32.18; 32.20; 32.22; 32.24; 32.26; 32.28; 32.30; 32.32; 32.34; 32.36; 32.38; 32.40; 32.42; 32.44; 32.46; 32.48; 32.50; 32.52; 32.54; 32.56; 32.58; 33.00; 33.02; 33.04; 33.06; 33.08; 33.10; 33.12; 33.14; 33.16; 33.18; 33.20; 33.22; 33.24; 33.26; 33.28; 33.30; 33.32; 33.34; 33.36; 33.38; 33.40; 33.42; 33.44; 33.46; 33.48; 33.50; 33.52; 33.54; 33.56; 33.58; 34.00; 34.02; 34.04; 34.06; 34.08; 34.10; 34.12; 34.14; 34.16; 34.18; 34.20; 34.22; 34.24; 34.26; 34.28; 34.30; 34.32; 34.34; 34.36; 34.38; 34.40; 34.42; 34.44; 34.46; 34.48; 34.50; 34.52; 34.54; 34.56; 34.58; 35.00; 35.02; 35.04; 35.06; 35.08; 35.10; 35.12; 35.14; 35.16; 35.18; 35.20; 35.22; 35.24; 35.26; 35.28; 35.30; 35.32; 35.34; 35.36; 35.38; 35.40; 35.42; 35.44; 35.46; 35.48; 35.50; 35.52; 35.54; 35.56; 35.58; 36.00; 36.02; 36.04; 36.06; 36.08; 36.10; 36.12; 36.14; 36.16; 36.18; 36.20; 36.22; 36.24; 36.26; 36.28; 36.30; 36.32; 36.34; 36.36; 36.38; 36.40; 36.42; 36.44; 36.46; 36.48; 36.50; 36.52; 36.54; 36.56; 36.58; 37.00; 37.02; 37.04; 37.06; 37.08; 37.10; 37.12; 37.14; 37.16; 37.18; 37.20; 37.22; 37.24; 37.26; 37.28; 37.30; 37.32; 37.34; 37.36; 37.38; 37.40; 37.42; 37.44; 37.46; 37.48; 37.50; 37.52; 37.54; 37.56; 37.58; 38.00; 38.02; 38.04; 38.06; 38.08; 38.10; 38.12; 38.14; 38.16; 38.18; 38.20; 38.22; 38.24; 38.26; 38.28; 38.30; 38.32; 38.34; 38.36; 38.38; 38.40; 38.42; 38.44; 38.46; 38.48; 38.50; 38.52; 38.54; 38.56;